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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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24 February 1992

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## REGIONAL AFFAIRS

### Iranians Propose Industry, Trade Fair in Jordan

92P40117A London AL-SHARQ AL-AWSAT in Arabic  
24 Jan 92 p 10

[Text] Amman, AL-SHARQ AL-AWSAT bureau—An official Iranian delegation representing the Ministry of Heavy Industries in Iran visited Jordan this week and held discussions with Jordanian officials on organizing a trade fair in Jordan for Iranian products at the end of May.

The head of the delegation said that 50 Iranian companies have registered to participate in the fair, and he anticipates that other companies will also take part.

He said that an agreement with the Amman Chamber of Industry has been reached to hold an investment seminar between business owners in Iran and Jordan which will coincide with the opening of the fair. He also said that the meetings will be held with the aim of stimulating trade between the two countries and researching the possibility of establishing joint industries.

## PALESTINIAN AFFAIRS

### PLO Presence in Beirut To Be Less Than 1982 Level

92AE0187A London AL-HAYAH in Arabic  
20 Jan 92 p 2

[Report from Beirut by Muhammad Shuqayr: "PLO Does Not Plan Return to Beirut at Pre-1982 Levels"]

[Text] Shafiq al-Hut, member of the PLO Executive Committee, said that the Organization is not about to—nor is thinking of or planning to—return to Beirut under circumstances similar to those that prevailed prior to its departure in 1982. He emphasized that the PLO wants Lebanese treatment of the Palestinians to be no better and no worse than their treatment by a number of Arab countries that host Palestinian refugees.

Al-Hut emphasized in an interview with AL-HAYAH that it is imperative to reexamine the strategy of a Lebanon-based armed struggle, because that theory, rooted in conditions that preceded the Israeli occupation of Lebanon, has proven ineffective.

Al-Hut disclosed that he has some ideas on how to structure Lebanese-Palestinian relations but that "I'll not reveal them now before we conclude the meetings that we have started with senior Lebanese officials." He opined that current problems at the 'Ayn al-Hilwah camp are but "the residue of the previous era, and it is natural that certain situations should be aggravated in the absence of overt leadership."

Al-Hut kicked off a series of meetings with senior officials with a visit to President Ilyas al-Harawi, for whom he carried a message from Palestinian President Yasir

'Arafat. He also met last Friday with Chamber of Deputies Speaker Husayn al-Husayni.

Al-Hut prefaced discussion of his mission in Beirut by saying that "both the Lebanese and the Palestinians must admit the facts and the realities of land, then devise policies based on those facts and realities. One such primary and rudimentary fact is that there is a number of Palestinian refugees on Lebanese soil. That number can not be precisely determined because no one so far believes the figures reported in the media but put by various sources at between 360,000 and 450,000 who were driven to that country [Lebanon] by the force of compulsion and the occupation of Palestine in the same way as others in the rest of the Arab states, notably Syria and Jordan. They therefore reside in Lebanon involuntarily and counter to the objectives of their struggle which hold the return to Palestine as paramount."

His solution to this problem: "Those [Palestinians] constitute a political burden as well as living, social, and economic burdens, not to mention their impact on the demographic status of Lebanon. We face a number of facts that must be confronted, away from din, in a methodical manner driven by the spirit of brotherhood, nationalism, and self-interest. Lebanon has been destined to become one of the confrontation [IC Note: This is the correct term and I don't give a hoot what your over-rated evaluator says] states that face Israel, therefore giving the latter a direct and effective role in the general political life of Lebanon."

He added: "Agreement between responsible parties is inevitable once these facts are acknowledged and a method of resolution is determined. There is no problem with the Lebanese side since the government has responsibility. In as far as the Palestinians are concerned, I see only the PLO as a legitimate responsible authority capable of discharging its responsibility to find solutions to these problems in the Lebanese arena."

Al-Hut explained: "In my view, we must first begin by tidying-up the house of Palestine in order to bring all forces and organizations within the framework of the PLO, therefore providing responsible leadership in Beirut through PLO bureaus once they are opened. Only such leadership would be competent to establish necessary contacts with Lebanese officials. On the other hand, I believe it is time for the Lebanese government to review past policies prompted by Israeli occupation and consequent problems and skirmishes in Lebanon, and to resume open and official cooperation with the Palestine Liberation Organization. I wish to emphasize here that it is not appropriate for the Lebanese government to treat the PLO as an equal at Arab and international forums then behave differently on the Lebanese domestic front."

Did his visit to Lebanon create any problems, especially that he travelled to Beirut through Damascus? He answered: "My positive contacts with Palestinian divisions in Syria lead me to believe that there would be no

problem with my return as PLO representatives, especially that I have been elected to that Organization's Executive Committee. The Lebanese arena is in need of a representative who is close to the Palestinian decision-making center and would therefore have more of a free hand."

To a question on the Palestinian commitment to Lebanon Al-Hut responded: Since the beginning, the Palestinian side has always had, and still does, the highest regard for Lebanon and the people of Lebanon for their support and aid of its cause and of the Palestinian revolution. The PLO leadership still [remains?] feels totally obliged to that people and that country and wishes for an opportunity to return the favor to that people and that nation. It is no secret that sound practices have been sifted away from those that were flawed thanks to repeated reassessment and self-criticism over the past few years. There is no doubt in my mind that the PLO is not thinking of nor planning a return to Beirut in a manner similar to how things stood prior to its departure in 1982."

What does the Organization want from Lebanon?

Al-Hut says: "The PLO leadership wishes Lebanese treatment that is no better and no worse than treatment by a number of Arab states that host Palestinian refugees. I believe that many pillars of this government are aware of the rights Palestinians enjoy in certain Arab countries and of their consequent obligations. Perhaps the neighboring sister country of Syria could serve Lebanon as a model of how to treat [resident] Palestinians."

Al-Hut touched on breaches of law and order that recur from time to time at the 'Ayn-al-Hilwah encampment by saying: "The military and non-military situations in 'Ayn-al-Hilwah and other sites are residues of the previous so-called era of frustration[?]. It is natural for certain conditions to aggravate in the absence of accountability and overt leadership because of the dearth of contacts and the inability of disputing parties to deal with each other openly, not to mention the role of the enemies of Palestine in inciting one element or the other. I am certain that Palestinian masses people are fed-up with such conflicts and practices. They wish that the Palestinian leadership, once it has an opportunity to move publicly, would put an end to these conflicts and would structure things in a manner to be coordinated between the concerned parties on one hand and the Lebanese government on the other."

On his vision concerning the restructuring of Lebanese-Palestinian relations: "I have a vision which would be, at a minimum, based on not repeating all or some of the past experiences, and I mean their negative aspects. However, I will not reveal this vision at this time. We will have certain commitments as a result and I hope we can reach a stable and conclusive agreement."

Does he believe that circumstances are appropriate for restructuring bilateral relations, beginning with a re-opening of the PLO's Beirut bureau? He answered: "I

don't believe there is any problem in as far as we are concerned but I don't have a definitive answer since it essentially lies with the Lebanese government. Syria understands our position and it is owed a great many thanks for the resumption of Lebanese-Palestinian contacts. We are currently establishing channels of communications in preparation for a detailed examination of the dossier of relations between the PLO and the Lebanese government in light of our determination not to repeat the negatives that caused relations to deteriorate."

What is the PLO's position towards the Lebanese government's edict to collect small arms? Al-Hut responded: "We came to Beirut determined to be open to whatever brings Lebanon well-being an stability and bolsters the cause of national harmony."

## ALGERIA

### Violence in Capital, Villages Detailed

92AF0382A Paris LE MONDE in French  
9-10 Feb 92 pp 1, 4

[Article by Georges Marion, special correspondent in Algiers: "Numerous Algerian Cities Hit by Violence"—first paragraph is LE MONDE introduction]

[Text] Sporadic gunfire could still be heard in Algiers during the morning of Saturday 9 February following very violent clashes between Islamist demonstrators and security forces the previous day after Friday prayers. Algiers was not the only city to experience disturbances, which occurred in some twenty cities, according to various sources, and again in Batna for the fourth consecutive day. Friday evening, the official press service and radio reported at least nine people killed and 55 wounded, but the actual toll is likely to be much higher.

Algiers—The Muslim day of prayer has come and gone four times since President Chadli resigned and the High Committee of State was installed in power. On each of the four Fridays, Algeria said its prayers to the sound of automatic weapons fire and slipped deeper into an impasse.

Having decided to retake control of the mosques, the state has put on a show of force every week, and every week the Islamists have displayed their determination, encouraged by the disillusioned—if not aggressive—skepticism with which a good portion of the population views the regime.

Confidence is lacking, and the scarcity of this the rarest of all commodities hangs heavy in the air. Meanwhile, the government remains shrouded in silence; it has yet to offer a policy other than that of maintaining law and order.

Early in the afternoon, Bachdjarah, a populous suburb of Algiers, lived up to its tradition of rebellion by erecting barricades of burning tires and assorted debris. It appears that clashes erupted when paratroopers entered

the En Nasr Mosque in the neighborhood of La Glaciere, firing their automatic weapons inside and outside this place of worship, according to witnesses. The mosque's facade was riddled with bullet holes, and pools of blood were drying in the sun one-half hour after the incident. A 58-year-old member of the mosque's committee was killed in the assault. Four others were taken to the hospital in serious condition.

Protected by a helicopter flying overhead, several hundred paratroopers patrolled the concrete-lined blocks of the neighborhood all afternoon, and with the help of their weapons, contained throngs of young people who would congregate again no sooner had they been dispersed, calling the soldiers "Jews" and Algerian journalists "agents of the power structure."

The Ben Badis Mosque in Kouba was encircled by units of the gendarmerie and the military police. As soon as prayers ended, a spokesman using a megaphone read out a message from the FIS [Islamic Salvation Front] protesting the crackdown in Batna where four days of unrest had left 13 dead and 66 wounded, according to official figures. Responding to what it perceived as an intolerable act of provocation, the Army proceeded to take the Islamist spokesman into custody. The worshippers immediately decided to occupy the mosque until certain they would be able to leave in safety. Hours later, after lengthy negotiations, the military agreed to let everyone leave.

Meanwhile, several hundred young people had gathered outside the mosque. They dispersed at the sound of warning shots, then returned to erect barricades in the surrounding streets, setting fire to tires. At about 1800, the gendarmerie, with its array of several armored vehicles, regained control of the situation.

A similar scenario was played out in Belcourt and in each of the towns that ring Algiers: El Harrach, Arbaa, and Hussein-Dey. In Bab-el-Oued, the Es Sunna Mosque—which had been the site of several acutely tense hours the previous week—was surrounded by large numbers of police backed by barricade-fighting equipment and water cannons. Armed security forces blocked each of the streets and passageways leading to the mosque. No incident occurred during prayers and the sermon given by the government's handpicked imam named last week. But that afternoon, the police fired numerous shots in the direction of young hecklers.

Late in the afternoon, gunfire was heard in central Algiers, behind the Mustapha hospital (which reported that two had been killed and 10 or so wounded in the neighborhood streets) and in the hills of the city, not far from the Foreign Affairs Ministry. At about 2300, clashes broke out in Kouba, Bab-el-Oued, and El Biar. With the exception of Batna and Constantine, the unrest through last week had been limited to the mosques in Kouba and Bab-el-Oued—strongholds of FIS fundamentalists in Algiers. But this Friday, the conflagration spread to some 20 cities, large and small, causing

between seven and 10 deaths and wounding some 100 people, according to incomplete tallies. These figures are likely to climb very quickly given the intensity of the gunfire reported and witnessed.

The events of Friday were isolated bloody incidents, but at this rate, unless a political solution is found, what already appears to be a civil war brewing under the surface could well degenerate into an unstoppable catastrophe. Friday evening, the entourage of the High Committee of State did not seem especially alarmed by the course events had taken. The situation was said to be under control after an explosion of unrest—admittedly expected—failed to materialize. "We had information indicating that the FIS had given the order for a general insurrection," said one high-level state official. "We were expecting something worse."

According to the same source, it is not necessary at this point to ban the FIS, even though matters could change rapidly, particularly since the publication a few days ago of a fundamentalist communique railing against the High Committee of State and urging foreign countries to refrain from trading with Algeria as long as an illegitimate government remains in power. But the outlook expressed is that nothing dire will happen: The events of Friday are interpreted as "the flames of despair" of a movement capable of nothing more than what it had just attempted.

Undeniably, the FIS, with many of its leaders in prison, is feeling the weight of the Army, but it seems very optimistic to assume that the violence has peaked and will only subside. It is true that Algiers has not gone up in flames, despite the shooting, and while entire neighborhoods turn out in the streets to confront police, nearby districts remain calm, almost indifferent to what is happening only blocks away. In close proximity to one another, there are two Algerias that do not know each other: the one massed behind the Army to which it looks for salvation; the other taking to the streets behind the FIS, which it views as the legitimate and unyielding adversary of an abhorrent system.

But it is a fragile balance, waiting to be shattered by the first serious disruption. The clashes in Batna, a four-day siege of rioting, are a troubling sign of deterioration at a deep level. In any case, it seems unimaginable that Algeria can withstand a weekly regimen of chaos with a government that remains inexplicably silent, offering nothing more than the prospect of an economic program "which will soon be ready."

Prime Minister Sid Ahmed Ghazali's military allies accomplished a remarkable feat in removing President Chadli and replacing him with Mr. Mohamed Boudiaf, a symbol of nationalist Algeria. They seem to have less talent, however, when it comes to carrying out the remainder of their plan. They have brandished their weapons, but it takes a great deal more skill to win

acceptance for an imposed state of affairs, to enable Algeria to start over again on more solid foundations, and to pacify the country.

## ISRAEL

### Ze'ev Schiff Examines Arms Control Issue

92AE0196C Tel Aviv HA'ARETZ in Hebrew 24 Jan 92  
p B1

Article by Ze'ev Schiff: "Compromise and Deterrent"]

[Text] In a few days time, when the multilateral conference opens in Moscow to discuss, among other things, arms control issues, we can certainly expect an avalanche of threatening headlines to the effect that the United States and other countries are trying to twist Israel's arm about the nuclear weapons they think it has. This kind of nervousness became noticeable a few weeks ago and the impression it created was that President Bush had instructed his representatives to burst into Israel's nuclear reactor in Dimona and to treat Israel as if it were Iraq. Which is exactly what the Arabs want.

I recommend to the readers and political factors in Israel not to get carried away by such headlines. That is not the intention of the United States and obviously that is not the prevailing situation. I am convinced that I am not taking any gamble with this estimate. Washington's approach to the arms control issue is extremely careful. Its intention is to defuse the intricate mines very patiently and not to be swept away by the Arabs in this matter.

Just as the U.S. negotiators are currently not considering forcing Israel to discuss the establishment of a Palestinian state, the right of return, or the division of Jerusalem, it is equally clear to them that dealing with the particulars of the nuclear issue will have to wait for later stages.

At present Israel has no reason to feel nervous, provided it prepares thoroughly for future talks on nuclear issues, missiles, and unconventional weapons in the Middle East in general.

If I were an Arab, I would keep in mind what U.S. experts have undoubtedly known for a long time: There is no way that Israel will agree to territorial concessions and in a parallel manner, at the same time, to relinquishing the nuclear weapons that the Arabs claim it has. There is also no way that Israel will agree to give up its territorial security zone under a political settlement while at the same time weakening its deterrent capability. The logical formula calls for the reverse situation: Because Israel will come to a territorial compromise, it will have to take far greater care to develop another deterrent capability. Weakening in one area demands a greater deterrent in another area.

If there is any chance to handle both these issues together, it will be after a generation of peace and mutual

trust. If I were a Palestinian, for example, I would assign high priority to the territorial compromise, in order to achieve peace and to end the conflict, and I would refrain from challenging Israel's own security. Should the Arabs try to achieve both goals at the same time, in the end they will achieve neither.

A careful examination of President Bush's proposal (published last May) for monitoring the arms race in the Middle East will reveal this kind of careful approach. Regarding the nuclear issue, for example, it did not call for disarming. The proposal was to stop producing and acquiring nuclear fission materiel. In other words, to freeze the present situation and not to make it worse. In time the sides will have to sign a charter against nuclear arms proliferation. Discussions with Americans designed to find out what their timetable is for the next stage and for signing such a charter show that they are thinking in terms of more than a few years.

Immediately after the Moscow conference we will have the verification for this estimate. The bombastic speeches will be followed by a period of calm in which the sides will undertake tiny steps toward arms control and regional security agreements. Under American and Russian guidance, the sides will turn to what is known as "Sunday topics" in arms control. The United States and Russia have dozens of years of experience, both good and bad, in this respect.

The approach to Israel and the Arabs in the area of arms control will be almost educational. They will begin by trying to establish an agenda divided into immediate and more distant stages. The Americans will suggest establishing working teams of experts in the areas of conventional and nonconventional weapons, and missiles. The work will focus on genuinely confidence-building steps. For example, the sides will be requested to define the threats to each and ways of reducing them. There will be discussions on means by which the sides will be able to report military exercises and troops concentrations to each other, with a view to preventing military misunderstandings. There will be suggestions to establish "hot lines" between general or regional headquarters on the two sides of the border, and perhaps a crisis-management center designed to prevent incidents from escalating. There will probably be talks on halting missile launch tests and on the sides' participation, at the side of the major arms suppliers, in entering arms deals into the UN Middle East armaments book.

From a military viewpoint, the goal of the early stages must be to reduce more markedly the chance of one side staging a surprise attack against the other. For that purpose they will have to find a means of increasing the two sides' deterrent space, so that they will feel more reassured while conducting political negotiations. If such a target is attained in the coming two years, it will be a significant achievement. Only at a later stage will the sides come to essential discussions, rather than dispensing slogans, about weighty issues such as nuclear and unconventional weapons.

**Rabbinical Forum of Judaea, Samaria, Gaza**

92AE0196B Tel Aviv HA'ARETZ in Hebrew 24 Jan 92  
p B3

[Article by Nadav Shraga'i: "Intifadah by the Holy Book"]

[Text] Moshe Arens was not happy about what the settlers stirred up this week. The three publicly burning vehicles in the wake of the "defense sidestep" bothered him more than a little, but as a seasoned politician, Arens was even more worried about the "personal letter" sent by the Forum of Judaea, Samaria, and Gaza [JSG] Rabbis to about 2,500 members of the Likud Central Committee. Justice Minister Dan Meridor had long been marked by the JSG rabbis and Gush Emunim. Although last week Meridor met with the leadership of the JSG Council, behind the scenes the militants among the settlers are doing everything they can to undermine his standing in the party. On Arens, however, the rabbis have not yet given up, and that is why the appeal to the Central Committee members concerning him was couched in relatively more delicate terms. "His intentions are good, but his actions are far from sufficient," wrote the 58 rabbis about the defense minister in their well-argued appeal, and urged the Dear Central Committee Member to bring pressure to bear on the defense minister, "to order the IDF [Israel Defense Forces] to terminate the intifadah within a definite and brief period of time."

The new forum is adorned by a long and respectable list of figures: Rabbis from Pisgot, Shilo, Bet El, Qedumim, Kokhav Ha'Shahar, and Ma'ale Levuna; Qiryat Arba', Gush Etzion, Mavo Horon, Alon More, Ari'el, and Ma'ale Adumim; Shavei Shomron, Mitzpe Yeriho, Afrat, and Dolev. Dozens of names unfamiliar to the public, but whose voices are heard with great attention in their own communities. Their influence on the public is far greater than that of city rabbis, and just as the overwhelming majority listened to them during the period of restraint and moderation—"With my own body I stopped the comrades from staging serious actions" (Rabbi Elyakim Levanon)—so does the majority tend to follow them at this time of protest. The defense establishment is watching the rabbis closer than in the past as a matter of saving lives, and the citizens' intensive actions are currently viewed as fulfilling the commandment "Thou shalt not stand against the blood of thy neighbor [which is interpreted as helping one's neighbor]."

The debate on dealing with the intifadah in terms of the Halakha [religious law] is not of recent date, but has been heatedly carried on for four years, first behind closed doors and later in public halls, in the local papers of the settlements and in the pages of the settlers' newspaper NEQUDA. The many hundreds of questions addressed by community members to their rabbis and the hundreds of replies given orally and in writing led to the formation

of the Forum of JSG Rabbis into what it now is: The Halakhic and moral mainstay of the Jewish counter-intifadah.

The basic question governing the rabbis' Halakhic pronouncements concerning the intifadah and the reactions that it should elicit (from the army and the population) is the following: Is the intifadah a war? If it is war, then collective punishments, such as house demolition and targeted military actions against Arab communities, which are forbidden in times of peace, are permitted. In war, innocents, too, may be hurt and killed. But if it is not a war, then the intifadah is defined as a rebellion against the authorities—a more moderate status that restricts the freedom of action and reaction against the Palestinians in the territories.

Rabbi Shlomo Aviner of Bet El, one of the leaders of the Rabbis' Forum, one year ago wrote, for example, that "There is no war here," because "our hand is strengthened" (in the language of the sages), in other words, "We are the masters in our country. If we wanted to, tomorrow we could arrest all the killing, inciting, and similar Arabs and no one could prevent us from doing so.... We are the bosses. We do what we want to do, except that we do not want to because of various reasons of our own, some of which are right and some of which are wrong, but those are our consideration and decisions...and it is not the same as in war, when there is no choice.... Here there are other means of punishing killers, rioters, and inciters, whose names we certainly know."

Against the background of that statement, it was no accident that Rabbi Dov Li'or of Qiryat Arba', the first to have defined the intifadah as a war, or Rabbi Moshe Levinger, whose harsh references to "Ishma'el's defenders" and the need to break the confines of the law from time to time in order to advance in the campaign for the Land of Israel, stirred a big storm at the time. Rabbi Levinger serves only as an unofficial adviser to the new rabbinical forum. Because of his extremist image and his gun-brandishing in front of the Jerusalem District Court, Levinger has been left in the shadow. The man who positioned himself as the symbol of defending the interests of the Jewish population in the territories, who staged a three-months' sitting strike outside the Duhaysha refugee camp, and who a few years ago led his cochairmen of the JSG Council in a hunger strike in protest of the deteriorating security, today does not belong to the group of rabbis shaping the pattern of Jewish protest in the territories.

Levinger was the teacher and rabbi of some of the members of the Jewish underground. He served 10 days in prison, and there was more than one link between him and the main defendants in that affair. Rabbi Zalman Melamed (Bet El B), Rabbi Aviner's colleague in the leadership of the Rabbis' Forum, said that the intentions of the underground members were good, but that their actions were not. He stated that anyone who acted without authorization "must be punished," and that no citizen had a right to drag the state into situations against



its interests. "That is not only forbidden by law, it is immoral," Rabbi Melamed stated in his "Questions" show (channel 7). This difference between Melamed's and Aviner's substance and style as opposed to Rabbi Levinger was perhaps the guarantee that at least no underground will spring from this forum.

The group of rabbis who met in Qyriat Arba' on the eve of the attack on the mayors (1980) and authorized it are not represented in the present rabbinical forum. One of the rabbis who is now in the forum, one year ago wrote an article in which he explained that "Our big enemy who poses a serious military threat, are not the Arabs rioting inside our borders, but Syria, Jordan, even Egypt, and, of course, Iraq." "It is more important," wrote the same rabbi, "that the IDF should train for fierce wars, than that it should patrol JSG. What the population is suffering because of the intifadah is nothing compared to what may, God forbid, happen in war because of lack of training...."

Rabbi Aviner, who is also the head of Ateret Kohanim [presumably a yeshiva] in Jerusalem's Old City, said that the current law concerning security matters is a "ban that most of the public cannot live with;" it is a "law that forces a father to watch how his wife and children are shot at without being allowed to defend them." On the other hand, he also said, "We will not do anything against the law. We are faithful to the law, and we are glad that there is a law. Illegal actions are both forbidden and doomed to failure. We have enemies inside and outside who are only waiting for us to present them with acts of terrorism on a silver platter. We will act only in accordance with reason. That is why we have an action committee and guidelines before any action." And indeed, the Rabbis' Forum is in almost full coordination with the Settlements Forum, a new body based in the Mate Binyamin settlements.

The forum received the blessing of the chief rabbi of Israel, Rabbi Avraham Shapira, who is currently the head of the Merkaz Ha'Rav Yeshiva. Settlement residents who address Halakhic questions regarding the intifadah to the offices of the chief rabbis are directed to the Forum of SJG Rabbis. The definition of the intifadah as a state of war or a derivation thereof [din rodef] has not been the only item on the rabbis' agenda in the past few years. Weighty questions are being debated in settlers' schools and publications: Does the "Thou shalt not kill" commandment apply to foreigners and is there a difference between the sentence passed on a Jewish and non-Jewish killer? When is it permissible to burn down a store belonging to an Arab? Should one minister to a wounded terrorist? And does the [din rodef] of permission to kill apply to children throwing stones? Is the solution to the intifadah mass deportation, or is it permissible to just demolish homes? Thousands of words are being printed in settlers' local papers and pamphlets regarding these and other issues and a variety of opinions are being expressed, not unlike a modern Talmud.

Even if the intifadah is assumed to be a war, the rabbis still disagree among themselves concerning the settlers' right to take the law into their own hands. Rabbi Shar Yishuv Hakohen, the rabbi of Haifa, two and a half years ago told KOL HA'YIR journalists in Jerusalem, "Direct citizens actions are forbidden, and anyone who claims differently does not know what he is talking about;" "Targeted operations are the domain of the security forces," the rabbi added, "not of private individuals and not of settlement committees." Rabbi Yitzhaq Shilet of Ma'ale Adumim was of a different opinion. At a meeting of Derekh Emuna rabbis (graduates of the Merkaz Ha'Rav Yeshiva), Rabbi Shilet said "Anything done as a result of distress or anger, including killing, is good, is all right, and it helps. Killing is a matter only for the authorities, but burning down a store in the vicinity of Ma'ale Adumim after a Jewish family was attacked in the area," is in keeping with the Halakha.

Rabbi Danny Shilo of Qedumim, a few weeks ago compared the organization of the rabbis an answer to the deterioration in security to various other assemblies of rabbis on various other matters: "We are not trying to rule the State of Israel, but to deal with one of our country's special issues. Just like the rabbis in agricultural areas meet to discuss issues concerning agricultural matters." Rabbi Avy Geisar of Ofra in this connection quoted Rabbi Tzvi Yehuda, who was once asked whether it was fitting for a rabbi to enter politics? The rabbi answered with a question: "Is there any area in the Land of Israel that does not have to do with the Torah?" Politics, Geisar added, is not a blot. "It is the political Torah of the people of Israel in their own country. It is not something separate, sitting in an ivory tower in some parliament, but the fact that in Israel everything is sacred."

Probably on the basis of this approach, Efraim Me'ir of Bet El believes that "If there should be a conflict between the state laws and the Torah laws, the Torah laws will take precedence."

For his part, Rabbi Moshe Shapira, head of the Shuva Institute, warned against such time as the religious community in the territories may have to decide the issue.

Thus, Rabbi Shapira wrote: "...On the one hand, we want to be loyal to the country's government, but on the other hand, we want to defend our security, and anytime there is a conflict between those two aspects, we are faced with a very difficult decision, and one of the options that it invites is to establish an underground."

Most of the figures currently heading the Rabbis' Forum will do everything possible to prevent the establishment of a second underground. In contrast to the impression that the public received more than once, the forum acted as a restraining and moderating factor among the settlers. At least one case is known in which the rabbies channeled an underground-type plan into the controlled system of protest that they are conducting. The fear

expressed by Rabbi Moshe Shapira is thus merely theoretical, but only for the time being.

[box]

#### Public Appeal by the Forum of SJG Rabbis

The rabbis of the Mate Binyamin and Samaria settlements and representatives of rabbis in Judaea and Gaza Strip met to discuss the security situation. Hereon the text of the rabbis' joint appeal:

To the Residents of Judaea, Samaria, and Gaza Strip, God Keep Them!

a. We call for strengthening faith and trust in the Lord God of Israel in our midst and for dispelling any spirit of weakness and despair. The civic spirit of faith and confidence was responsible for stepped up settlement in the time of the intifadah; let us preserve and intensify it!

Let us not succumb to weakness or despair! We trust in the God of Israel who gave us this country for all eternities. Blessed is he who trusts in God and whose refuge is God, loving-kindness will surround him [there follows a line of prayer in Aramaic], even from this situation we will come out strengthened, in my affliction I called to the Lord, Lord answer me from Heaven.

b. While preserving the faith and trust, we will not remain silent in the face of abject acts of terrorism and murder. The population of the country is called upon to organize for energetic protests and demonstrations in order to make it clear to the government of Israel and to the defense forces that they are dutybound to take every possible measure to defeat and eliminate the terrorism.

All the local public leaders are urged to organize demonstrations and protests against every kind of attack, against stone-throwing, and especially against fire bombs and shooting! The demonstrations and protests will be held in compliance with the law, in the area of the attack; under no circumstance is anyone to come into conflict with IDF troops in the field.

The demonstrations must continue until real results have been achieved.

c. We request the government and the defense forces to give the proper riposte to Arab terrorism, both militarily and morally.

The moral riposte to terrorism must be stressed by establishing settlements every time that Jewish blood is spilled, and by seizing houses and handing down appropriate punishments. Such reactions are necessary in view of the deterioration in the IDF's deterrent power. The IDF troops need them and so does the entire nation of Israel.

d. At this time we are required to tighten our link to the IDF troops who patrol the roads and man roadblocks

and positions; we must visit them and offer them sustenance and warmth in these cold days and especially nights.

e. The rabbis' assembly will contact the prime minister and the defense minister to alert them to the seriousness of the situation and to demand an immediate change.

"Gather strength for the sake of our people and the cities of our Lord."

#### Columnist Examines Use of 'Autonomy Weapon'

92AE0186B Tel Aviv YEDI'OT AHARONOT in Hebrew  
24 Jan 92 p 16

[Article by Y. Eldad: "Autonomy is an Unconventional Weapon"]

[Text] And so, there is no choice, it is my turn again. The only thing is, I do not know whether to apologize for abandoning it or for returning to it. For the government crisis has come down upon us, apparently dragging early elections in its wake, and I can practically hear my reserve unit's password being announced, calling for me to stand in this line once more. Elections are just like the front line, and I am not excused from the draft with what little ammunition I have left, especially when the direct cause for the crisis and early elections is the problem of negotiating with the enemy, and they are negotiations over the procedure for a Palestinian state, despite the misleading term "peace process."

Certainly, the problem of absorption, or, to be more precise, nonabsorption, of the great, miraculous immigration is serious. Certainly the problem of unemployment and the failure of the promised economic growth is serious. The immigration is decidedly a problem uniquely ours. Unemployment is also a problem in countries wealthier than ours. In the meantime, both of them, notwithstanding all of the mistakes and oversights on our part, still can be remedied, while that which awaits us in negotiations with the enemy—and autonomy, which is perceived by them as a means toward statehood, is called for in this stage—is an irreversible process and is liable to be catastrophic.

It would certainly be better if the crisis had occurred before we made the proposal for self-rule, for it is not necessary to state that, even if it had been proposed by the Arabs or by the "worthy" intermediary, we would have been obliged to haggle over it and to stipulate our conditions; but, our situation is strategically and tactically more critical when it is proposed by us, and they introduce the conditions. Therefore, it would have been better if the government of Israel had not proposed it at all, by means of, for example, an early withdrawal by the Right.

And if elections are to be—certainly, the sooner the better. The best would have been yesterday, that is, before the proposal was presented as our proposal,

forced or not forced upon us by the curse of the disastrous Camp David agreements. And now, it seems to me indisputably better to expedite their organization as much as possible. It seems that way to me because there are always parties in whose interest it is to postpone elections as long as possible. Be it for the sake of increasing their incomes or in order to lengthen their tenure as Knesset members—in which case they do not have great chances for reelection.

And there are those who do not understand that this business of elections costs a vast sum—millions—most of which is wasted, because it does not contribute to any votes, and all of this during a state of severe economic crisis. And should the election—God forbid—not be expedited, then the fight will begin, and it already has. That means we will be given nine months of this ugly campaign, which will be as ugly as usual, or even more than usual, because this time an ugly element that we did not know of in the past has been added: A large bloc in the nation is constantly telling the United States that the government of Israel which is breaking international law and the promises that it supposedly or actually made to the Lord of the Universe, Master of the Heavens [President Bush]; that is, he who can pressure Israel through sanctions against absorption and immigration. The sooner elections come, the more money and mutual contempt will be saved.

However, it is good to expedite the election campaign also because of the process mistakenly termed the “peace process,” which is no more than a process for establishing a Palestinian state. And if Shim'on Peres delivered an unfortunate speech (by Rabin's definition), saying that the peace process must be postponed until after the elections, the source of this utterance is clear to all: fear that Shamir would succeed in the process, and at the threshold of the voting booth we would actually be on the threshold of Camp David II. By the way, those of us who are termed “people of the Right” join in this fear, but for other reasons. Peres is afraid that the Labor alignment would lose power forever. We are afraid that we lose Judaea and Samaria forever.

Not a single person would doubt Yitzhaq Shamir's true Zionist intentions, and when he declared the continuation of building everywhere in Israel, this is not just an election statement—like when our ambassador in the United States tried to “justify” it—even though at the very same time Minister Milo' announced that a freeze on settlements is likely.

The Labor alignment, be it all of it or “merely” the majority, has come to terms with almost total withdrawal, and no one there will bring up the Alon map, for example, which, in itself was within the limits of a compromise. It is not necessary to state how vast the change is in the map of Israel and its construction and settlement endeavor to its length and breadth—an endeavor all of which is the handiwork of Ariq Sharon to boast to the generations, an endeavor that was certainly not executed against the will of the prime minister. And

if the Labor alignment sins—and, in part, even commits a crime—in its opposition to the Zionist endeavor, which is actually in the style of the Israeli Labor Party (MAPAI), then Yitzhaq Shamir, even if he, himself, does not sin, is mistaken, he is mistaken on the entire concept of autonomy. And it is not enough of an excuse that this is mandated by Camp David to balance the results of the deputy.

And these are the mistakes which by rights must be illuminated from now on to the brains of the nation and to the fingers of the voters:

a. The tactical mistake: The very fact of bringing autonomy as our proposal places us by necessity in an inferior position. For we are talking of dialogue, and if this is our proposal, it is unlikely that the enemy would accept it at face value. We will be required to come down from it, that is, to add further independence than we are prepared to give.

b. The strategic mistake: There has never been, anywhere in the world, in any national struggle, autonomy that is not within the framework of sovereignty. Even those within the framework of sovereignty—their end result was or will be independence, and there will be no better times that will prove this more forcefully than our times. Look at Yugoslavia, look at the former Soviet Union. You cannot be a little pregnant, and there is no autonomy without sovereignty. If we had imposed Israeli sovereignty over all of the western land of Israel after its liberation (“conquest” is the military side), we would certainly, in the course of nature and through the turn of events, have ended up granting a large measure of self-rule to the Arab minority, but in the framework of our sovereignty. We would certainly have honored their requests to emigrate to one of their 22 Arab countries.

c. Practical-political: Not five years and not three years. Maybe within weeks or months the region of self-rule would become a Palestinian state, with a federal tie to Jordan, or without it. Would we declare war? Would we invade the same country with everything that would be heard about it in the international world?

And if today “Peace Now” dares to submit to the High Court of Justice a claim to declare all Jewish settlements in the West Bank (as they call it) illegal, there is no reason not to renew the supplementary and parallel Arab claim to declare all of Zionism illegal and the Jewish settlement in the Land of Israel from its inception illegal, because everything was accomplished with the same measure of propriety as the settlement actions today. And if S. Yizhar is celebrating the receipt of his Bialik prize in an emotional speech against those who went in to live in the Shiloah house (not, Heaven forbid, in the village of Siloam, and why does he not talk about Nabulus?), there is no reason why a claim could not be presented by third or fourth generation Arabs against S. Yizhar, who lives on land taken from their fathers with the same measure of righteousness as the settlements

today, from Qedumim to the City of David. Telling you that S. Yizhar is a robber and a thief and a foreign Israeli conqueror in the streets.

Autonomy would turn into a Palestinian state, and the Palestinian state a military base, but also a political, moral and psychological one for the Arabs of the Galilee and, afterward, the basis for returning all of Palestine to its owners from the hands of the Zionist conquerors.

In actual military language: Autonomy is the Arabs' unconventional weapon. Except that we, ourselves, are about to supply them with this weapon.

### Education Problems in East Jerusalem Schools

92AE0196A Tel Aviv HA'ARETZ in Hebrew 24 Jan 92  
pp 12, 14

[Article by Danny Rabinowitz: "Education Facade"]

[Text] The bell rings. The teacher comes into the classroom, goes to the blackboard, and begins writing on it. The students toss chalk and shout. Every once in a while one of them gets up and leaves the class with a show of contempt. The teacher continues writing. He knows from experience that there is no point in addressing the class and that none of the students will cooperate. Should he insist too much and annoy them, they might even attack him. The students did not bother to acquire textbooks. Both he and they know that the class is nothing but a ritual and they go through the motions only because it is on the schedule.

That is what a regular Hebrew class looks like at a municipal high school in East Jerusalem.

The class, in which the teacher represents the authorities, brings to mind the old controversy about the role of education raised by the anthropologist Pierre Bourdier. In his view, the schools are an arbitrary compulsory system designed to serve the interests of those holding the political power and to help the ruling classes shape a new generation that will accept the existing social order without protest.

Bourdier's ideas have been around for 20 years. One may not agree with everything he says, but there is no doubt that his view faithfully meets the description of Arab education in Israel, especially that of East Jerusalem at the time of the intifadah. The situation there is clear: The students see themselves as participants in a historic popular uprising against the Israeli occupation, being subjected to the authority of the Israeli municipal educational system, in which teachers and principals are paid by the "occupation forces."

About half of East Jerusalem's 37,000 students are enrolled in 36 municipal schools run by one department of the Education Administration of the Jerusalem City Hall, headed by Victor Gaba'i. Allocations—and in this respect there is no difference between the east and west parts of the city—come from the Ministry of Education,

from the City Hall budget, and from donations periodically collected by the municipality for education purposes. At the beginning of the 1970's attempts were made to replace the Jordanian school curriculum by an Arab-Israeli curriculum, but they failed; only 5 percent of the students who took the baccalaureate, passed. In the following year only 11 students registered to take the exams.

Aside from the students enrolled in the municipal schools, about 12,000 students go to 19 schools run by the Waqf [Religious Endowment], and about 6,000 to private, church schools, which are very prestigious and very expensive. Since the Gulf war, those schools have been losing students, because many parents have not been able to keep up with the burden of tuition.

In 1991 the Jerusalem Municipal Education Administration funded an anthropological study which was carried out in several schools in the eastern part of the city. As is only fitting for an academic study, its title was rather convoluted: "Arab High Schools in East Jerusalem Under the Intifadah—Macrosocial and Educational Change Patterns in the Teacher's Status, the Relationship Between Teachers and Students, and Teaching." The authors of the study were Gad Ya'ir of the Municipal Education Administration, and Nabil Hatab and Mahmud Nasir, both graduate students in sociology and criminology at the Hebrew University. The study was based on observation (presumably carried out by Hatab and Nasir) in the faculty rooms and school yards of four high schools, and on the ideas of teachers and students. The authors of the study chose to focus on high schools "In the recognition that this age group plays a decisive role in the unfolding of the intifadah." And indeed, their findings verified the expectation that the daily mass encounter in the schools serves to oil the wheels of the intifadah and constitutes one of the sources of its energy.

The authors of the report stated that the main element of the change that has affected the Arab schools in East Jerusalem was the enormous power that the intifadah has given to the students. In their words: "The fact that the students became able to close down the school—by means of violent disturbances—created a situation that radically changed their obligation to the school." For the first time, the authors explained, the students could decide, for example, whether classes would be held normally on a given day, or whether the school would be closed for a few days, or even weeks, or months. As one student told the interviewer: "The hands of the school faculty were completely tied, and there was nothing they could do to deal with the new phenomena."

"Since the outbreak of the intifadah," the study stated, "the students began to challenge the traditional authority of the school principal and teachers. In more than one case, the students were the ones who decided the schedule, the curriculum, and the teaching pace. They felt that their power was linked to the weakening of the teachers and the school management and that each of

their demands would meet, if not with a positive answer, at least with the absence of a negative reaction."

The report cited two students who clearly summarized the change in the situation. One of them gave a comprehensive description of the authority status of the teacher "before and after:" "Before the intifadah, the principal steered the school's policy and order according to his lights. After the outbreak of the intifadah, the principal lost the control. The students amassed more and more power.... The teachers or the principal merely reacted, and their reaction was confused and weak." Another student said: "We noticed that the principal had become more flexible, that he let go of the rope and was no longer strict. In my opinion, he was afraid of fire bombs, because the students had become patriots. The principal was tamed, became a house pet."

The metaphor was not accidental. Already the first leaflets of the intifadah at the beginning of 1988 gave recognition to the special role of the youths as the field operators and as living symbols of the struggle. They described the youth as a "strong body, the living, pumping artery in the heart of the people." They insisted that the word "iwwalad" (children) should be taken out of use altogether and adopted the expression "ashbal" (lion cubs) instead. Once students began to translate their contacts with the teachers and principals into the relationship between a huge pride of lions and a handful of submissive house animals, obviously the authority system collapsed entirely.

In this respect, Jerusalem is not an isolated case. "A child will close down a village," is currently one of the expressions frequently used by Palestinians in the territories. Already in 1988 there were cases of children patrolling village streets on strike days and reprimanding men walking on the roads. High school students manned many of the task committees. On strike days, bands led by 12-year-olds blocked the access roads to villages and conducted tough negotiations with occasional drivers—Arabs from the territories or from Israel coming on business. They inquired into the purpose of the visit, how long they were planning to stay in the village, and when they were leaving. Respected adult Arabs found themselves taking down roadblocks, driving their cars through, then having to restore the roadblock rocks as they found them. And all that under the strict watch of children of the age of their own sons and grandsons.

Palestinian leaders in the territories, in Arab countries, and in the diaspora wrote songs of praise to the stones children. Already in 1988, Da'ud Kutab, a journalist with AL-QUDS wrote that the youths viewed being arrested by the defense forces as a sign of manliness: "Throwing stones is being one of the gang. Damaging an Israeli car will turn you into a hero. Being under arrest and not confessing is being a man."

Jerusalem, however, was certainly not a model of Palestinian youth behavior in the intifadah. The frequency of street incidents there was relatively low. The primary

arena of youth activity were the schools. The fact that the teachers stayed away from participation in the intifadah was interpreted as a sign of weakness and even of collaboration. "The teachers," the study authors wrote, "began to be viewed by the students as representatives of the status quo, as obstacles to change, and as having a vested interest in the continuation of the existing order. In extreme cases they were described as traitors to the targets of the common national struggle that they, the youth, were leading. The school became a battle field. 'Students,' said one interviewee, 'are part of the front, while the teachers are standing on the other side.' Another student said: 'When students rebel against the authority of the principal or the laws and rules of the school, they in fact rebel against the State of Israel.'"

Most of the teachers in East Jerusalem are Israeli Arabs, most of them Hebrew University students living temporarily in the city. Like the majority of Israeli Arabs, they identify with the goals of the intifadah, but are in a difficult personal quandary as to how to behave in practice.

These teachers embody the confusing situation of the Israeli Arabs in general. The Jewish establishment views them as Arabs, as Sabbath goys [Gentiles who do the work of Jews on the Sabbath] whose only job is to teach Hebrew. Their chances for a regular career in the municipal education system of Jerusalem are nil. The students view them as a symbol of submission to the establishment, a label that became increasingly dangerous as the intifadah proceeded to become a way of life. One of the teachers defined the students' attitude to Hebrew as to the "language of the enemy." They do not want to learn it. Finding a student to reflect this statement was not difficult: "I think that if we learn Hebrew in school it will cause us to become assimilated in the Arab-Israeli culture and to lose our identity."

One typical example in this connection was the firing of one Hebrew teacher last year. The school principal explained to him why he was being let go. It was true that he had been hired as a Hebrew teacher. But no one actually asked him to teach Hebrew. "You did not understand your job," the principal told him. The stunned teacher gasped that in fact he was not really expected to teach Hebrew, but to "pass the time," do crossword puzzles with the students, or just talk. The teacher's persistence in sticking with the curriculum and teaching Hebrew caused tensions between himself and the students which the principal could not handle. As it is, the great turnover among Hebrew teachers is giving the students an even greater sense of power. Since Hebrew is not one of the baccalaureate subjects, there is no difficulty in leaving the grades out of the report cards, which are intended for the eyes of the admission boards of Arab universities.

The new reality prevailing in East Jerusalem schools also did away with the teachers' custom to hit students. Teachers who were in the habit of using such means of punishment were beaten up by students and intifadah activists. The outcome was that the schools instructed the

teachers to refrain from hitting students. Another punishment that used to be viewed as serious, summoning the parents to the school, lost its edge, because the intifadah challenged the authority of the adults in the family and placed the "lion cubs" at the heart of authority.

For two years now the press has been reporting that Palestinian students in the territories and in Jerusalem have been obtaining high baccalaureate grades by means of pressure and compulsion. There have been reports of members of task committees dictating answers at exams and forcing teachers to give high grades. There have also been reports of physical attacks on teachers and principals, of masked men having free access to schools, Palestinian flags being displayed, demonstrations, and covering school yards in slogans.

On three distinct occasions—on the telephone before our meeting, during our meeting in his office, and on the phone two days before the article was completed—Victor Gaba'i, the head of the municipal education system in East Jerusalem, claimed he was not aware of the existence of the report whose findings were cited here. In order to eliminate any doubts, I read to him the whole title of the study, its date (18 June 1991), the names of the three authors. Upon my mentioning that at the bottom of the cover page there was a note of thanks to Dr. Ely Ben-Eliezer, head of Jerusalem Municipal Education (and Gaba'i's direct superior), Victor Gaba'i said: "I do not know anything about that. You may indeed want to inquire with Dr. Ben-Eliezer." And he added: "Even without this study you talked about you will have a very nice article. We have here an interesting system that is continuously developing."

Ely Ben-Eliezer was not available for comment. He is just now in the process of leaving his position with the education system. His replacement, Nissim Salomon, agreed to react to the report.

Salomon: "This report was based on a study done more than one year ago, and done apparently not well enough. It contains pretentious concepts; after reading it thoroughly, I recommended filing it away, and that is what was done. We filed it away because we found it unprofessional. There is no mention of the size of the population studied, the size of the sample, or the size of the control group. It is true that the authors stated that they relied on anthropological observation rather than on a quantitative study, but in our opinion this anthropological work is not of a high academic quality.

"As for the findings themselves, anyone reading a basic book about the Arab society can understand what is going on here: Those are natural phenomena in the process of transition from a traditional to a modern society, whereby the process is being sped up by the intervention of an external factor. The students' rebelliousness is not the end of the world; in 1954 [as published] we refused to study English in Petah Tiqva because it was the occupier's language at the time. Jerusalem is a united city, and life is stronger than

anything else. We, from City Hall to the teachers, are trying to work with goodwill and to provide services to a population whose problems are not simple."

Some Palestinians at times tend to see the situation in East Jerusalem as a "revolution from the ranks" that is creating more democratic schools populated by critical and diverse youth. Some are wondering whether this is not the less romantic phenomenon of a "lost generation," a generation that the intifadah has robbed of education and culture. On the Israeli side, this report confronts the system, in spite of its opposition, with what cannot continue to exist in the conditions of the intifadah.

## LEBANON

### State of Economy, Prospects Assessed

92AE0180A Beirut AL-NAHAR (Special Supplement)  
in Arabic 28 Dec 91 pp 10-11

[Article by Dr. Samir al-Maqdisi, professor of economics and director of the Institute of Financial and Banking Sciences at American University in Beirut]

[Text] The future direction of the Lebanese economy is linked not only to the main issues now facing Lebanon's economy and the developments of 1975-1991 (whose underlying factors are a subject for analysis and interpretation), but also to the economic, financial, and social goals that we wish to achieve, and the means by which the authorities will achieve these goals. Effective economic policies directly affect the economy's path, regardless of whether the desired goals are achieved. We must not forget that economic development is subject to sudden, unexpected domestic and foreign influences.

It is impossible to deal in this paper with every aspect of the Lebanese economy and its future. We have thus chosen to treat several primary issues that we deem useful to focus on in order to clarify aspects of the current foundations of Lebanon's economy and the criteria which should be examined when we evaluate future developments. Accordingly, the paper will treat the following headings:

1. The economic legacy left by the political/military conflict.
2. The Lebanese economic system: economic freedom and social controls.
3. Reconstruction within the framework of a coordinated economic policy. This is the focus of our paper. We will deal with three main issues in this regard: fiscal restabilization; the creation of a favorable investment climate; and the role played by economic policy in strengthening economic sectors.

We conclude with a remark on "Which future for Lebanon?"

**Lebanon: Some Indicators of Economic Developments in 1972-1974 and 1988-1991**

|  | 1972          | 1973    | 1974    | 1988    | 1989    | 1990    | 1991                                 |
|--|---------------|---------|---------|---------|---------|---------|--------------------------------------|
| Gross Domestic Product* (in billions of dollars at current prices)     | 2.087         | 2.720   | —       | 3.274   | 2.607   | 2.558   | (an increase over 1990)              |
| Inflation Rate (annual percent average)                                | 8             | 8       | 8       | 55      | 70      | 75      | (substantial drop compared to 1990)  |
| Unemployment Rate (of total workers)                                   | 8.1 (in 1970) | —       | —       | 10-12   | —       | —       | —                                    |
| State Budget Deficit Percentage (relative to total state expenditures) | —             | —       | —       | 87      | 89      | 85      | Below 75 (initial estimates)         |
| Commercial Banking System (at end of period in billions of dollars)    |               |         |         |         |         |         |                                      |
| Loans to the Private Sector  | 1.10          | 1.88    | 2.50    | 1.39    | 1.75    | 1.86    | 2.2 (end of September)               |
| Deposits   | 2.12          | 3.08    | 4.16    | 4.22    | 4.83    | 4.47    | 5.49 (end of September)              |
| Balance of Payments**  | Surplus       | Surplus | Surplus | Surplus | Deficit | Deficit | Surplus (until the end of September) |
| Annual Average Exchange Rate (Lebanese pound against U.S. dollar)      | 3.05          | 2.61    | 2.33    | 409.23  | 496.50  | 701.76  | 932.70 (until late November)         |

\* [GDP]

\*\* We measure the deficit or surplus based on all changes in net foreign assets of the entire banking system.

## Sources:

GDP: for 1971-1973, official statistics on national income; for 1988-1990, "Lebanon—Gross Domestic Product and Gross National Product," 1988 and [UN Development Program]; and "Lebanon—Extrapolations of GDP for 1989 and 1990," 1991, UNDP.

Inflation rate: IMF report on economic development in Lebanon in 1990, and the Consultations and Research Organization (Beirut).

Budget deficit: previously cited IMF estimates.

Commercial banking system, balance of payments, exchange rate: Bank of Lebanon.

**The Onerous Economic Legacy**

The military-political conflict led, among other things, to a drop in real national income compared to 1974; and the destruction of the infrastructure, which was accompanied by financial disturbances that worsened quickly after 1982. These disturbances included a large increase in the annual inflation rate and a drop in the value of the Lebanese pound against foreign currencies. The first signs of a crisis of confidence in the Lebanese pound also appeared in 1982, when "dollarization" escalated in Lebanon's economy. On the social level, the forced migration of large numbers of citizens increased, and every group's social situation deteriorated. Non-governmental forces became more powerful, which meant the usurpation of state control over ports and many economic activities, and the fragmentation of commercial markets. The domestic conflict also caused a relatively large number of professionals and skilled laborers to emigrate.

It is not our purpose here to identify and analyze economic and other factors underlying developments during 1975-1991. However, a quick look at several economic indicators in 1972-1974 compared to 1988-1991 (see above table) clearly shows the extent of Lebanon's economic and financial decline since the crisis began; the start of an economic upturn in 1991 compared to 1990 and 1989; and the heavy economic legacy left by the crisis, with which Lebanese must now contend as they move to rebuild. The table does not indicate

annual developments between 1975 and 1991 [as published; read: 1987] and the numerous vicissitudes of that period. Also, losses due to the drop in production during the crisis amount to a cumulative loss that cannot be measured solely by comparing the two time periods.

The table indicates the following developments:

1. An increase in gross domestic product (in U.S. dollars at current prices) from an average of about \$2.124 billion in 1971-1973 to an average of about \$2.813 billion in 1988-1990 (Source: For 1971-1973, official statistics; for 1988-1990, "Lebanon, the Gross Domestic Product and Gross National Product, 1988" (United Nations, UNDP, 1991), and "Lebanon, Extrapolations, GDP for 1989 and 1990" (United Nations, UNDP, 1991)). However, if we employ the real value of the dollar during 1988-1990 (i.e., take into account the U.S. price index), then the GDP in 1988-1990 drops by more than half compared to its level in 1971-1973 (this development also applies to real per capita income). During 1988-1990, the GDP (in dollars at current prices) dropped by about 20-22 percent, due to the war raging at the time. However, production in 1991 increased compared to 1990. Also, economic activity is showing an increase in numerous sectors, including industry, commerce, and several services, and it may regain its 1988 level. Available indicators show that the negative economic developments did not affect the unemployment rate in Lebanon as much as one might expect. This is attributed to: 1) an increase in the emigration rate; 2) the migration of



labor from Beirut to other areas based on the geographical redistribution of economic activity, owing to the destruction of Beirut's commercial center; and 3) the fact that many youths joined the militias. Thus, available initial estimates indicate that unemployment in 1988 totalled about 10-12 percent of all working residents, compared to about 8 percent in 1970. (See: K. Hamdan and S. Maqdisi, "Lebanon: Labor Supply," Working Paper 8, in "Recovery Planning for the Reconstruction and Development of Lebanon," Bechtel International, Inc.; and Dar al-Handasah Consultants (Sha'ir and Partners), September 1991, pp. 11-12).

2. Available price index statistics indicate that the inflation rate did not exceed 8 percent per year during 1970-1974, after which it began to increase, reaching a peak in 1987, when the price index recorded an annual increase of 390 percent. It then dropped to 155 percent in 1988 and about 70-75 percent in 1989-1990. Initial estimates show inflation dropping significantly in 1991.

3. In 1975, Lebanon enjoyed a relatively stable exchange rate. During 1970-1974, the rate fluctuated, on the average, between 2.2 and 2.3 Lebanese pounds/U.S. dollar. The pound maintained its value (for reasons which we will not treat here) until the Israeli invasion in 1982. After that, it began to decline due to pressures on Lebanon's balance of payments and an increase in conversions of pounds into foreign currency within the Lebanese banking system. The pound dropped to an annual average of about 409 pounds/dollar in 1989 and 702 pounds/dollar in 1990. This drop was accompanied by major fluctuations around the exchange rate's mean path. In 1991, the monthly average exchange rate fluctuated between 880 pounds/dollar in January (until 20 January) and 1,081 pounds/dollar in February, whereas the average during January-November totalled about 933 pounds/dollar. The Bank of Lebanon's policy in recent months has aimed to ensure a relatively stable exchange rate compared to the past. It has succeeded in doing so, thanks to the political and economic climate in 1991, which has been more favorable in than recent years to the pursuit of a slowdown policy in the currency market. A relatively stable exchange rate is helping to reduce inflationary pressures this year.

4. Before 1975, the state's budget was balanced to a considerable degree. Most of the time, it recorded a surplus. However, after the crisis erupted, and because of the state's loss of control over its sources of revenue, the budget deficit began to increase, totalling 85-90 percent of total government expenditures in 1985-1990. As the state regained control over many of its sources of revenue, real state revenue increased substantially in 1991. The budget deficit is nonetheless expected to be high this year as well, but lower than in previous years.

5. The above table indicates that lending by the [commercial] banking system to the private sector in 1988-1990 (in U.S. dollars at current prices) was lower than in 1972-1974. Deposits increased in 1988-1990 compared to 1972-1974 when valued in U.S. dollars at current

prices, but show a drop in 1988-1990 compared to 1972-1974 when valued in fixed prices. However, available statistics up until the end of September 1991 indicate a substantial increase in lending levels, especially deposits, compared to 1990.

We cite these numbers to convey a clear picture of several aspects of the onerous economic legacy facing reconstruction in Lebanon and several signs of economic improvement in 1991 compared to 1989 and 1990. It is not our intention to treat the qualitative decline in the standard of living and social organization, forced migration, and the exacerbation of social problems in Lebanese society.

Lebanon is conducting the necessary studies for reconstruction (including a draft study on "Planning for Reconstruction and Development in Lebanon," which the Development and Reconstruction Council commissioned Bechtel Inc. and Dar al-Handasah Consultants (Sha'ir and Partners) to undertake). Lebanon has also been consulting with international and regional organizations, and friendly countries that can help cover some reconstruction costs (these consultations have resulted in the provision of project-specific loans). However, reconstruction in the future must also be based on policies whose goals and means are clearly defined. Such policies will help to clarify the measures that the authorities must take to achieve political and economic goals. Moreover, they will facilitate the development of the future economic system whose foundations we wish to lay. Hence, we must devote some brief remarks to this system.

#### **The Lebanese System: Economic Freedom and Social Controls**

The Lebanese economic system has two basic, interlocking features:

1. It is based on personal initiative and economic competition. This has allowed the private sector to play an outstanding role in the national economy. Unlike many governments of developing countries, the Lebanese Government has not attempted to directly manage economic activities through nationalization or other means, with a few exceptions, such as electricity, communications, and several specialized banks (and even then, jointly with the private sector). Existing legislation is designed to provide for minimum regulation—not tight control—of private-sector activity. The primary aim of economic policy has thus been to steer—when possible—the course of the economy, not constrain the free interplay of market forces.

2. It has always maintained a free currency-exchange system. Such a system permits fluid transactions and the unrestricted movement of capital to and from other countries. This policy, which Lebanon has followed since the late forties or early fifties, has proved its great utility over the years. It has strengthened confidence in the Lebanese pound, attracted savings from abroad before 1975, and moderated the drop in confidence during the crisis years by assuring residents of their ability to



transfer savings abroad whenever they wish, regardless of domestic monetary developments.

Hence, Lebanon's economic system has been based primarily on private-sector activity and free competition. However, the creation of an economic climate that favors the development of a modern economic system also requires social regulation at all levels—including economic regulation—based on the enactment of necessary economic and social legislation and the engineering of suitable economic policies. The call to maintain a free currency-exchange system, strengthen the private sector's role, and benefit from free economic competition must also be accompanied by a call to establish a modern infrastructure and to regulate economic and living relations to serve the general interest of all of society. Emphasis on social regulation is very important, because citizens in Lebanon have suffered, and continue to suffer, greatly from the weakness or imbalance in social regulation. Social regulation will be directly related to reconstruction—not only regarding the economy and such matters as housing, electricity, water, roads, and communications—but also regarding the amendment of existing economic, financial, and banking legislation to create a better environment for economic and social activity. Legislation and policies will not serve their intended purpose unless they are applied in a way that establishes the primacy of public interest over private interest, should the two conflict. There is no need to cite the many examples of an individual interest prevailing over the public interest in Lebanon in different economic, social, and environmental areas. Rather, we wish to stress that the time has come to develop an economic system based on free economic competition by establishing and enforcing social controls that protect the public interest. To the extent that the political/administrative system in Lebanon can move in this direction, it will have laid the firm foundations for Lebanon's economic and social future.

#### **Reconstruction Within Coordinated Economic Policy Framework**

In the preceding, we pointed to the onerous economic legacy of the 16-year crisis that the authorities must contend with as they plan Lebanon's economic future.

We also pointed to the political and security improvement that began in late 1990, which was accompanied by some improvement in economic performance in 1991. Assuming the continuation and further development of the favorable economic and security situation, the positive developments of 1991 will be seen as a prelude to the beginning of the hoped-for economic resurgence. The stabilization of the political situation is a basic condition for realizing the optimistic expectations for Lebanon's economy that began to appear—albeit hesitatingly and diffidently—in 1991. However, the political factor alone is insufficient to consolidate the foundations of reconstruction. It must be accompanied by the fulfillment of certain economic conditions, chief among which is the restoration of economic/fiscal stability to Lebanon, the

creation of a favorable investment climate, the elimination of hidden faults in the various economic sectors, and the promotion of a better environment for economic competition within the framework of the necessary social controls.

#### **1. Restoration of Fiscal Stability**

The reasons for Lebanon's fiscal decline until late 1990 are many. In our view, the decline can be attributed to three primary factors:

A. The growth of pessimistic expectations for Lebanon's political future due to the conflicts being waged on its territory.

B. The worsening budget deficit, which the government could no longer control.

C. State authorities' inability to implement economic/fiscal policies to correct prevailing conditions or curb the decline. Given the absence of a fiscal policy, the burden of restraining these imbalances fell mostly on the monetary authorities, which—irrespective of the correctness or incorrectness of their decisions during the crisis—attempted to contend with inflation and currency market disturbances, at least in certain stages. The monetary policy's failure to restrain inflation or establish monetary stability was due primarily to: the growth of the state budget, which generated the continuous pumping of liquidity amid a worsening political and security climate; the growth of pessimistic expectations; and the absence of effective control over banking developments.

As stated, a major cause of the growth in the deficit is the government's loss of control over revenue sources. At the same time, the growth of state spending in the absence of adequate spending controls helped deepen the imbalance in the budget. Without inflation controls, the continuous pumping of liquidity through the budget became the norm, with all of the pressures that such pumping exerts on the national economy. Given the tax revenue shortfall, the state was compelled to resort to domestic borrowing, and it relied greatly on treasury bonds. The domestic debt increased considerably, and the total cost of interest on treasury bonds increased along with it (the domestic debt at the end of November 1991 was about 2.57 billion pounds. Of this, 2.29 billion represented treasury bonds, on which the interest for 1991 totalled about 400 billion [as published] pounds, which equals a high 25-30 percent of state expenditure in that year. The growth of pessimistic expectations had negative effects, including an increase in conversions from Lebanese pounds into foreign currency, especially the U.S. dollar, which put additional pressure on the pound and contributed to its drop in value. (Statistics indicate that 69.2 percent of the deposits with the Lebanese banking system at the end of 1990 [as published—read: 1991] were in foreign currency, compared to 73.5 percent, 67.5 percent, and 79.7 percent at the end of 1990, 1989, and 1988 respectively. It should be noted that these percentages were affected by exchange-rate fluctuations. Also, IMF estimates indicate that deposits held by Lebanese

residents in foreign banks increased from \$4.2 billion at the end of 1984 to \$9.44 billion at the end of 1990). Given the Lebanese economy's openness and great reliance on revenue from abroad, the drop in value of the Lebanese pound also helped to increase inflation, which, in turn, adversely affected the state budget, especially amid the continuation of the policy to subsidize fuel and other items. A vicious circle of fiscal imbalance thus emerged: Inflation put pressure on the Lebanese pound, causing its value to drop, which fueled inflation. Given the fragmentation of the political situation and the central government's weakness, the authorities could not cope with the deteriorating fiscal conditions—several attempts notwithstanding—especially the attempt made through the monetary policy to limit the government's turning to the Bank of Lebanon as a funding source. The monetary authorities also attempted (quite unsuccessfully) to moderate fluctuations in the currency market.

Hence, one of the most important goals of the expected monetary and fiscal policy is the restoration—albeit gradual—of fiscal stability. The authorities are acutely aware of the importance of this goal, which is the subject of many studies and economic consultations, domestically and with foreign parties. The consensus that has emerged is that the main tool for achieving this goal is the gradual balancing of the budget, so that the deficit/expenditure ratio shrinks, i.e., the ratio of real revenue to total expenditure increases according to a set plan. However, this must be accompanied by the continued reduction of exchange-rate fluctuations as much as possible, which the Bank of Lebanon is now doing, taking into account basic market forces.

The balancing of the budget, in turn, requires a plan to mobilize real revenue based on the state's recovery of all of its tax revenue sources, supported by other domestic and foreign financing sources. In this paper, we cannot discuss the available capabilities in this regard. (The Finance Ministry prepared a memorandum on this matter which was discussed in the High Committee for Economic Coordination). We will be content to say that the mobilization of savings through domestic and foreign borrowing should be a part of a general fiscal policy that has clear short-term and long-term goals. Debt policy must be planned rationally, based on variables that determine repayment capabilities, such as the expected growth of national income, savings rates, the balance of payments, etc. The budget will also be balanced by controlling government spending, which should be programmed strictly, not only for total spending in a specific period, but also regarding the criteria for prioritizing capital expenditures and current expenditures.

In addition to balancing the state budget to mitigate its inflationary effects, it is also necessary to coordinate and establish the principles of the economic policy if fiscal and other policies are to achieve their goals. In more general terms, the restoration of fiscal/economic balance requires the balancing of real expected revenue with the expected uses of this revenue. Planning for that requires

effective coordination of the monetary, fiscal, and development/construction policies. The High Committee for Economic Coordination was established in March 1991 to answer this need. It was tasked with treating issues pertaining to coordination. (Between 1973 and mid-1982, economic coordination was successfully achieved through the Economic Policy Coordination Agency, which included the finance minister, the chairman of the Development and Reconstruction Council, the governor of the Bank of Lebanon, and an economic coordinator. It stopped functioning after the Israeli invasion of Lebanon). Without coordination, there might not be an automatic deterrent to the emergence of fiscal imbalances that take the form of pressure on the balance of payments and/or prices. (Regarding the need to coordinate economic policy, see the paper by Samir al-Maqdisi, "The Lebanese Economy and the Reconstruction Phase, A Survey of Several Basic Issues," presented at the first conference of Non-Governmental Humanitarian Organizations in Lebanon on "Urgent Social Needs in Lebanon" Beirut, 12 February 1991). In addition to the need for coordination, it must be taken into account that the achievement of a fiscal balance might generate economic and social effects not desired by the authorities. Thus, the achievement of a fiscal balance is an inadequate goal if it does not provide for the needs of development, reconstruction, and economic streamlining. Hence, there has been a growing debate over the need for fiscal balance versus the requirements of economic growth. Are fiscal balance and development complementary? Or, does the limited nature of available resources necessitate a compromise between them? What are the limits of this compromise? Development and reconstruction entail spending, and consequently an increase in general demand, regardless of its type and long-term goal of expanding the national economy's production base. At the same time, an imbalance usually generates an expansion in spending that exceeds real available resources. The source of demand for spending is either the private sector (which can be influenced by monetary policy) or the public sector, whose monetary effect is measured by the net operations of its total budget. Here emerges the importance of the role played by the growth of Lebanon's state budget deficit in creating the previously-mentioned economic imbalances. Here also emerges the importance of planning future reconstruction spending based on expected real domestic and foreign revenue and based on the Lebanese economy's ability to absorb planned construction spending in light of the goal of restoring fiscal stability. (The Lebanese authorities have prepared a reconstruction project for 1992-1997 that requires \$4.4 billion in foreign financing, including programmed lending to several economic and social sectors). The return of economic stability to Lebanon in the reconstruction stage, even if it is gradual, constitutes a major challenge to Lebanese planners and political leaders, because it will mean, among other things, fiscal discipline; the control of public sector spending; and the private sector's responsibility for, or deference to, the political and economic requirements of stimulating the

reconstruction process within economic balancing controls. Lebanon's economic needs require policies which reflect this reality and which are designed to control unnecessary spending and provide incentives to rebuild the production capacity being targeted by reconstruction projects. This economic policy approach is needed, regardless of the role played by foreign financial aid. Such aid is limited mainly to some foreign sources for rebuilding. It does not dispense with the need for rigorous economic policies to control the general economic situation, with emphasis on the need to take into account the dynamic of the Lebanese private sector, which is expected to play a very major role in the expected economic revival after having played the leading role in maintaining national economic staying power throughout the crisis. However, as stated, its activity must be subject to the directives of the economic and social policy. This leads us into our second topic, which is the creation of an investment climate favorable to an economic resurgence.

## 2. A Favorable Investment Climate

Regardless of the responsibilities placed on the public sector to stimulate reconstruction, the main engine for economic resurgence in Lebanon will be the private sector's investment activity. This raises a question about the factors that bear on the development of savers' and investors' confidence in the Lebanese economy with respect to the coming reconstruction phase. These factors are diverse. We will mention only five: political stability, fiscal stability, the soundness of the banking position, the establishment of a modern infrastructure in the services sector, and the creation of an administrative/fiscal system that provides for a comprehensive review of the use of state revenue from domestic and foreign sources to assure investors of the government's good use of its available resources. (See S. Maqdisi and G. Sirhan, "Capital Supply," Working Paper 9, in "Recovery Planning for the Reconstruction and Development of Lebanon," Bechtel International, Inc., and Dar al-Handasah Consultants (Sha'ir and Partners), September 1991, pp. 13-17).

We will not dwell on the political factor, which is a precondition for restoring confidence in the national economy, or the fiscal stability factor. We will limit our brief remarks to the other three factors. We will begin with banking reform, which is intended to clean up Lebanese banking and permit it to meet the challenges of the coming phase, after being weakened by past political and economic developments. The relevant authorities and bodies have devoted great concern to this subject. In general, the banking sector has been able to surmount the difficulties created by the crisis. However, the emergence of an inflationary climate, and the past ineffectiveness of banking supervision regarding banking legislation, have led to the emergence of several imbalances in the banking sector, which, in some cases, could be characterized as gross mismanagement. (For more information on the numerous aspects of banking reform and different bills drafted in this regard, see the paper by Hisham

Bisat, "Banking Reform in Lebanon," which was presented to a seminar on banking reform organized by the Institute of Financial and Banking Sciences at the American University in Beirut on 3 February 1991; and a book published by the Institute of Financial and Banking Sciences, "Banking Merger in Lebanon." Both are publications of the American University in Beirut, 1990). A number of banks, most of them small banks, faced many difficulties that required the central bank to intervene and take measures that led, among other things, to the suspension of operations for some of them and the replacement of their administrations. In November 1991, the Chamber of Deputies approved a law that includes several aspects of banking reform, including an increase in deposit insurance to 5 million pounds, or the equivalent in foreign currency. However, other measures remain to be taken, such as raising the capitalization rate. Some of these measures are indeed under preparation or are the subject of consultation among the relevant authorities. The important thing here is to adopt all of the measures needed, regardless of their rigor, to ensure sound banking administration and good banking performance; and to enable the banking sector to perform a vital, effective role, nationally and regionally, in the reconstruction phase. Banking reform and banking supervision measures already taken and expected to be taken in the future play a major role in boosting investors' and savers' confidence in the authorities' will to take measures unhesitatingly to improve Lebanese banking performance and to maintain a sound banking structure that keeps pace with the needs arising from domestic and international developments.

Regarding the services sector, the authorities are well aware of the gaps which have developed in it, especially in domestic and foreign communications, and the measures which must be taken to develop the sector. They have been supplied with many studies in this regard. (See, for example, the paper by Elie 'Id, "The Communications System in Lebanon," which was presented to a conference on reconstruction in Lebanon organized by the American University in Beirut and the Development and Reconstruction Council on 3 May-1 June 1991). The main issue here does not concern the deficiencies and reforms needed in the services sector. Reconstruction projects under preparation have already devoted considerable attention to this sector. Rather, the crux of the matter concerns the pertinent authorities' ability to establish and administer the new systems that are needed. The question is: Which is best qualified to develop and administer the services sector? Is it the public sector? Or is it the private sector, and if so, on what terms? The answer to these questions is not as easy as some might imagine. The private sector's participation in the administration of public utilities has social implications that cannot be overlooked, even if officials were to decide that the private sector is more able and prepared to implement projects to develop the services sector (especially if one assumes that the public sector lacks the financial resources to implement projects to develop the services sector). Some maintain that the

state is capable of using the necessary technologies to administer a modern communications system, for example, and that funding for the development of a communications network could be obtained from foreign sources. Others doubt the public sector's ability to provide competent management, including operating the billing system that would be needed to cover operating costs. Perhaps the answer lies in the establishment of joint, public-private administrations for services sector organizations. Under such a system, the state would retain the right to control and protect the public interest, and the private sector would perform administrative tasks on an agreed-upon basis that would provide for its operational independence and efficient performance.

Finally, it goes without saying that economic and fiscal policies are made based on criteria for the efficient use of resources available to the public sector. Assurance of the practical application of these criteria will help greatly to boost foreign and domestic confidence in the authorities' ability and commitment to best implement reconstruction tasks. This, in turn, will open the way for a greater flow of foreign aid, which will make investors confident in the national ability to effect an economic resurgence. Practical measures in this regard include the development of principles for the preparation of the state budget and the budgets of public organizations (this also applies to the budgets of banks and other private organizations). These principles would aim to make budgets more suited to an effective system for controlling the use of available resources. It is also necessary to improve the performance of public organizations tasked with managing public sector projects. The more we can improve the efficiency of public-sector organizations, the greater will be domestic and foreign confidence in the authorities' ability to carry out their economic and social responsibilities. (We will not deal in this paper with the various issues of administrative reform and the principles that could underlie public sector modernization. This subject has been treated by many published and unpublished studies).

### 3. Role Played by Economic Policy in Strengthening Economic Sectors

The economic policy's role in purging and strengthening economic sectors assumes a number of forms, including: regulatory frameworks; promotional tools and appropriate incentives to spur the modernization of production methods and participation in the expansion of productive capacity; and the establishment of financial organizations to support growth in different sectors. We will limit our brief remarks to two main sectors, foreign trade and industry. Regarding foreign trade, it is important to keep the sector free. We believe that policies pertaining to the commercial sector should not move toward quantitative restrictions. They should remain limited to customs duties and tariffs set according to the state's development and revenue goals. We also believe that the exchange-rate policy should continue to reflect the interaction of basic forces in the currency market. However, this should be accompanied by the continued

reduction, as much as possible, of fluctuations in the pound's exchange rate, which the Bank of Lebanon is currently doing. Emphasis on an exchange-rate policy that reflects basic market forces stems from a desire to avoid adhering to predetermined exchange rates when doing so might be unfeasible or unsuited to economic and fiscal policy goals. Ultimately, Lebanese experience indicates that exchange-rate stability contributes to domestic monetary stability and is closely associated with it.

Industrial policies pertain to 1) the direct promotion of industry based on the goals set by industrial policy, and 2) the financing of medium-term and long-term loans. An industrial promotion policy assumes a number of forms, the most important being customs protection and tax incentives. Whatever this policy is, it will presumably focus on industries that can grow, develop, achieve domestic surpluses, and thus be competitive with similar foreign industries in the domestic and foreign market. The authorities will presumably consider several key factors when they define the foundations of their policy to support national industry (assuming that this policy will be based on customs protection), which include:

1. The direction of industrial development: Will this development be based primarily on exportation, or on the domestic market and import substitution? Which industries should accordingly benefit from customs protection?
2. The determination of which industries are capable of vitality and growth.
3. The determination of a suitable degree of protection for these industries based on the desired goal; and the creation of incentives, including tax and other incentives, to encourage industrialists to modernize production methods, expand production capacity, and thus improve the efficiency and competitiveness of Lebanese industry.

This brings us to the role of medium-term and long-term financing organizations. These organizations can support industrial development by providing loans to industrialists to enable them to engage in long-term planning to expand productive capacity or modernize production methods. Although such financing organizations were established in the past, their role was limited by a number of factors which we will not discuss here, and it was further curtailed by the events [of the civil war]. In addition to examining the possibility of stimulating the role of some of these organizations and laying new foundations for them, it is also necessary to perform a general assessment of the process for developing the financial market. We will not deal with organizations and tools here. In any case, after the end of the Lebanese crisis, with all of its economic and financial complications, it is obvious that industrial policy should be reviewed thoroughly, taking into account the changes that have occurred in the industrial sector and the industrial and economic goals which the authorities wish to achieve.

Paralleling this is the role of private-sector industrial and other organizations that sustained major damage during the protracted crisis, especially due to the emigration of much of their skilled manpower and an inability to develop means of production. Some of these organizations already urgently need help in retraining their technical and administrative personnel to perform competitively in the anticipated reconstruction phase. Assuming that the national production promotion policy to be adopted by the government will not entail closure [to the outside world], Lebanon will continue to enjoy a hidden advantage based on its ample skilled manpower. Retraining in private-sector organizations has thus become an urgent need.

#### Concluding Remark: Which Future for Lebanon?

We have done our utmost in this paper to convey the idea that the future direction of the Lebanese economy is linked not only to past and present developments, but also to the achievement of our desired economic, fiscal, and social goals. We have focused on what we consider to be several key policies that should be implemented to lay firm foundations for reconstruction and the development and modernization of Lebanon's economic system. The discussion of Lebanon's economic future, including its economic system, is truly inseparable from the discussion of Lebanese society as a whole and the creation of a modern society and state, with all of its requirements and implications.

For 16 years, the Lebanese have coped with a crisis without giving up, despite the victims, destruction, displacement, and emigration caused by that crisis. Given that the security and political situation has begun to stabilize, and given that preparations are underway to rebuild, the Lebanese are entitled to ask whether Lebanon will be able to face the challenges of the future. These challenges are the forging of true national unity, the modernization of the political/administrative system, and social development, so that all citizens have equal rights and duties. History will judge the extent of our success in meeting these challenges.

### MAURITANIA

#### New Islamic Publication Reviewed

92AF0379C Nouakchott AL-SHA'B in Arabic  
9 Jan 92 p 9

[Article by Ahmed [Essibai]: "Free Press Reverberations: Islamic AL-BASA'IR Magazine;" first two paragraphs are AL-SHA'B introduction, rest reprinted from AL-BASA'IR]

[Excerpt] The first edition of AL-BASA'IR [INSIGHTS], a comprehensive and independent intellectual Islamic monthly, was issued for the month of Jummadah I 1412 Hijrah [November 1991], may the best prayers and peace be upon the prophet. The magazine has embraced as its slogan God's words in the al-An'am sura of the

Koran: "Now have come to you from your Lord proofs (to open your eyes): If any will see, it will be for (the good of) his own soul; if any will be blind, it will be to his own (harm). I am not (here) to watch over your doings" [Koran 6:104]. It is one of the most significant national papers, at least in terms of size, i.e., number of pages.

This edition of the newly-born magazine contains a number of intellectual analyses and interviews, basic interviews and collective interviews, such as: "Islamic Movement and Democracy, an Open Dialogue." This is an interview with five Islamic notables who belong to the Islamic tendency or who are close to this tendency or to various other political and party tendencies, including the Islamic Cultural Grouping, the Social Democratic Republican Party, the Islamic [Party], the People's Union, and the Democratic Forces Union. The interview dealt with a number of issues, such as the Islamic movement's position toward democracy.

[Begin reprint of AL-BASA'IR interview]

#### "What Are the Shortcomings?"

God, may He be praised and exalted, has wished the magazine's open dialogue to be crowned with the interview conducted by the magazine's managing director and his colleague [not named] with His Eminence Mohamed Lamine Ben Hassan, the imam of al-Shurafa' Mosque in the capital and the shaykh supervising al-'Awn Islamic Schools.

[AL-BASA'IR] Mauritanian democracy has developed under certain circumstances. What is your comment on this. Do you support what the constitution states, and so forth?

[Ben Hassan] Democracy is synonymous in meaning to consultation [shura]. In Islam, consultation is fundamental and nearly all of Islam's rules are founded on it. God, may He be praised and exalted, revealed these words to the apostle, may God's peace and prayers be upon him: "And consult them in affairs (of moment)" [Koran 3:159]. Characterizing the Muslims, God, may He be praised, said: "Those who (conduct) their affairs by mutual consultation" [Koran 42:38]. It seems to me that all the confusion and all the mistakes experienced by the Islamic world, especially the part ruled by despots, are due to the absence of consultation—"If they had only referred it to the apostle or to those charged with authority among them, the proper investigators would have tested it from them (direct)" [Koran 4:83]. Islam demands consultation, the exchange of opinions, and the absence of despotism. Thus, if democracy means the same thing as consultation, then it is the source of good. But if it signifies other things, such as free belief and free expression—even if the expression is detestable—and free speech, even if the speech is corrupt—if democracy dictates any of these things, then there is no good in it. If one aspect of democracy is consultation and the other aspect is these corrupt things, then we say that we will embrace its legitimate aspect. This is what I see in democracy. [passage omitted]

### Economic Achievement Record Detailed

92AF0379A *Nouakchott AL-SHA'B in Arabic* 18 Jan 92  
p 6

[Article: "Candidate Maaouya Ould Sid'Ahmed Taya's Free Share"]

[Text] Mauritania's economy, founded during the independence on limited and invisible resources, had not experienced anything more than modest improvements until the economic and fiscal correction program was established. As a consequence of some external problems, which often reached serious limits; and of some faulty economic policies, a major flaw developed in the balances. Since it was established in 1985, the economic and fiscal correction program has partially improved the condition and has given the sectorial policies, based on an integrated economy, a good boost that ensures a balanced and sustainable economic growth.

A comparative analogy of the periods of rift characterizing our history demonstrates clearly the distance that the economy has traveled so far:

1. In 1978, all indicators became critical because of a guided economic policy amidst difficult conditions characterized by the Sahara war, a drop in the price of iron ore, and the start of the drought that devoured everything. Thus, domestic production dropped by 7 percent in 1978. Meanwhile, the current account deficit amounted to 43.9 percent of the gross domestic product. The deficit from subsidizing the treasury activities amounted to nearly 8.6 billion Mauritanian ouguiyas, or the equivalent of 34.9 percent of the gross domestic product. The use of treasury loans caused the government to shoulder the burdens of a high credit system (37.2 percent annually).

Agricultural production amounted to no more than 6,000 tons, at a time when all social indicators were entirely negative. School enrollment [among eligible children] was 22.05 percent, the general mortality rate was 23 percent, and infant mortality rate amounted to 186 [figure as published] percent. The fishing sector was not utilized adequately.

Thus, Mauritania's whole economy was on the brink of the abyss in 1978. The steps taken in 1984 did not succeed in removing the difficulties.

2. The situation did not improve in 1984. Rather, the general policy continued to be a guided policy. As a consequence, the public sector experienced chaotic growth coupled with a very high investment level, which led to heavy reliance on foreign loans. The gross domestic income dropped by 3.7 percent; the current account deficit amounted to 41 percent of the gross domestic product; and the deficit from subsidizing the treasury transactions amounted to 5.028 billion [no currency unit given], i.e., 11 percent of the gross domestic product. Meanwhile, the value of unmatured bank loans was 4 percent of the gross domestic product.

Agricultural production did not exceed 20,000 tons, just enough to meet 15 percent of the needs. School enrollment was 41.5 percent, health coverage was 30 percent, and fish exports were 10.6 billion ouguiyas, at an average price of just \$1,774 per ton. Only 15 percent of the population got potable water. The sectorial policies in their entirety continued to be unrelated and unsuitable.

3. The worsening situation in 1985 dictated a profound re-direction of economic policy.

The economic and fiscal correction program that was launched in 1985, and the subsidy and payment plan that has been in force since 1989 have specifically sought to eliminate external and internal flaws and to boost growth.

In 1985, certain wise and voluntary currency and fiscal policies, the harmonious sectorial policies that have been established, the government's relinquishment of the non-vital means of production and marketing, rehabilitation of the strategic public institutions, and the promotion of investment in the public sector led to reversing the previous economic trends. The growth rate rose anew, amounting to 3.9 percent in 1991. As a consequence, individual income rose by 1.1 percent and inflation dropped to 5.1 percent in 1991, compared to 10.3 percent in 1977 and 7.4 percent in 1989. Subsidized government activities produced a surplus of 2.1 billion ouguiyas, i.e., 2.2 [percent of] the gross domestic product.

The current account deficit dropped to 16 percent of the gross domestic product and unmatured bank loans dropped to 146 [figure as published] percent of the gross domestic product. Thanks to the government's improved fiscal position, government credit facilities dropped to 15 percent, whereas credit facilities for the productive economic sectors rose to 10 percent. Average annual agricultural production rose to 120,000 tons in the 1986-1991 period as a result of the policy of promoting agriculture. The average annual rice production amounted to 80,000 tons, i.e., the equivalent of 300 percent of the 1984 production.

Since 1984, fishing sector exports have risen by 50 percent, amounting to 15.8 billion ouguiyas in 1990. Prices for [ra'siyat al-arjal—unknown species; perhaps colloquial name] have doubled, rising to \$3,681 per ton. School enrollment in 1990 amounted to 45 percent and the number of students rose to 166,000. The general mortality rate dropped to 18 percent and infant mortality rate to 129 [figure as published] percent. Health coverage has risen to 45 percent. From 1985 to 1991, more than 1,200 water supply installations were built, i.e., more than three times the number built by 1984. Thus, [potable] water has become available to 40 percent of the population, compared to 15 percent in 1984.

This satisfactory condition gives rise to broad and positive aspirations for the next six years. The main objective will be to raise the people's standard of living and to provide them with employment.

Growth has to attain an average annual rate of at least 4 percent as a consequence of increasing the productivity of SNIM [Societe Nationale Industrielle et Miniere: Nation Industrial and Mining Co.], of the utilization of gold in Akjoujt, of improved irrigated farming, and of rationalized utilization of fish resources. This development, coupled with a policy to couple training with hands-on work and to enhance technical and vocational education, is likely to increase the employment rate.

The sectorial priorities will continue to be embodied in rural and fishing sectors and in refocusing public investment to develop human resources and to rehabilitate, enlarge, and maintain the installations.

## MOROCCO

### Kabbaj on Significance of Italian Cooperation

92AF0346A Casablanca LA VIE ECONOMIQUE  
in French 13 Dec 91 pp 4, 6

[Interview with Minister of Public Works Mohamed Kabbaj by Faten Safieddine; place and date not given: "Kabbaj Reviews 1991 Successes"]

[Excerpt] In his interview with us, the minister for public works, occupational and cadre training, Mr. Mohamed Kabbaj, described relations with Italy, discussed the highway program and reviewed his ministry's activities.

[LA VIE ECONOMIQUE] Mr. Minister, you were on the official delegation that accompanied His Majesty on his latest state visit to Italy. Can you tell us what was accomplished in that visit, especially with regard to contracts you signed?

[Kabbaj] This visit to Italy was very important, most of all in economic and commercial terms. Especially since Italy is Morocco's third-largest trading partner, one which is becoming essential in terms of Morocco's external trade and investment. Bilaterally, for example, this visit opened new horizons in our economic and commercial relations.

### Italian Financing

The Ministry of Public Works signed an accord with its Italian counterpart. This accord is another step forward in Italy's substantial cooperation in the field of public works. Especially since Italian enterprises are becoming increasingly competitive in this sector. The major Italian companies are already present in Morocco and have participated in large projects such as the Matmata Galerie, the Sebou complex, the Al Wahda Dam and the Rabat-Larache highway project, to name just a few. Not only are the Italians very competitive in public works, but they also offer very good financing terms. This was the case, for instance, with the M'Jara Dam project.

[LA VIE ECONOMIQUE] When the Italians finance projects in Morocco, must the contracts go to Italian companies?

[Kabbaj] Italian companies do most of the work, at least 50 percent.

[LA VIE ECONOMIQUE] Would the same be true for the highway from Rabat to Larache?

[Kabbaj] We have not yet established the exact percentage of participation by Italian enterprises in that project, since contracts are still being finalized. But the core elements of the project will probably go to Italian companies, with participation from some Moroccan enterprises.

[LA VIE ECONOMIQUE] In other words, Italian financing mainly serves to generate business for Italian companies.

[Kabbaj] That's not the right way to look at it. In reality, what we are talking about are projects that Moroccan companies were not in a position to undertake. Hence the need for us to solicit bids from foreign concerns. Italian companies won the contracts because of their competitiveness in quality and cost. So it was in our interest to choose them rather than others.

Also, the Italians offer us concessional financing, which we cannot get on the [financial] market. Certainly, where projects can be carried out by Moroccan enterprises we look for other sources of financing so we can award the contracts to domestic concerns. As an example [as published], the Al Wahda Dam will be built by Italian, Spanish, and Soviet enterprises, thus ensuring technical soundness, an organizational structure, and financing on advantageous terms.

[LA VIE ECONOMIQUE] What are the terms of the accord signed with the Italians for the Rabat-Larache highway?

[Kabbaj] The accord actually is between the Italian and Moroccan public works ministries. It envisages outlays of 75 million ECU's [European Currency Units], or about US\$100 million.

[LA VIE ECONOMIQUE] When is work supposed to begin?

[Kabbaj] Towards the end of 1992. [passage omitted]

### Talks With Paris Club To Reschedule Debt Begin

92AF0347A London AL-HAYAH in Arabic  
26 Jan 92 p 9

[Article by Muhammad al-Sharqi: "Morocco Negotiates With Paris Club To Reschedule Pre-1983 Debt"]

[Text] Morocco will begin new negotiations with the Paris Club by the middle of next month in order to reschedule a portion of its debt to government agencies and enterprises.

AL-HAYAH learned from economic sources that the forthcoming negotiations with the Paris Club will be the



last such action to deal with the problem of indebtedness, which began in 1983 when Morocco undertook its first debt scheduling. The negotiations, according to those sources, will focus on debts that were contracted prior to 1983.

The sources declined to give a figure for the amount of debt to be negotiated with the Paris Club and merely emphasized that Morocco was confident that it would be rescheduling its general debt within the next two months.

The sources added that "Morocco's economic development and the agreement it reached with the IMF give it a strong negotiating position, especially since all international creditor institutions have lauded its efforts to deal with indebtedness. Its debt has currently declined to about 70 percent of gross domestic product [GDP], from 120 percent of GDP earlier. Morocco has also been able to accumulate foreign exchange reserves of some \$3 billion, or 4 months of imports."

A Moroccan Ministry of Finance official told AL-HAYAH: "If we are to reschedule our debt with the Paris Club, the ratio of debt to GDP will drop to 71 percent, and yearly debt service (principal and interest) will be about one-third of exports.

The anticipated agreement, according to the official, is absolutely necessary if Morocco is to accomplish dirham convertibility by the beginning of next year.

Morocco reached agreement with the IMF last week on standby credit of \$130 million for one year to help cover balance of payments deficits.

Economic sources believe that the IMF agreement bolsters Morocco's negotiating position with international lending institutions, especially with the Paris Club, which held such an agreement with the IMF as a condition for rescheduling Moroccan debt.

The Moroccans bet that Banque Nationale de Paris and Credit Lyonnais, which are to lead negotiations with Morocco on behalf of government banks, will agree to reschedule the debt on concessionary terms, with regard to both the interest rate and the grace period, which Morocco hopes will be 20 years.

Since 1983, Morocco has entered into four debt-scheduling agreements with both the Paris Club and the London Club. These agreements cover some \$13.5 billion of its total debt of \$21 billion. The total debt stood at \$23.8 billion by the end of last year, when Saudi Arabia forgave \$2.8 billion of Moroccan debt.

#### **Accord To Promote Stronger Italian Ties Signed**

92AF0372C Rabat L'OPINION in French  
27 Jan 92 pp 1, 3

[Text] An important protocol was signed between Morocco and Italy at La Mamounia in Marrakech late Saturday afternoon.

The agreement was signed for Morocco by Abdellatif Filali, minister of state charged with Foreign Affairs and Cooperation, and for Italy by Gianni de Michelis, minister of foreign affairs. It concludes the intense work of the fifth session of the joint Moroccan-Italian high commission, which was held from 21 to 25 January in Marrakech.

Speaking at the protocol signing ceremony, Filali noted that the agreement comes on the heels of the King's recent visit to Italy, which did so much to promote relations between the two countries and begin a new page in the history of bilateral cooperation.

Morocco and Italy need such a revitalization of relations and cooperation all the more urgently, the minister said, because they share geographic proximity and a cultural sensitivity characteristic of countries found in the western Mediterranean.

This agreement opens up new prospects for the two countries, the minister added. In fact, he said, the agreement mainly seeks quality cooperation free of any ulterior motives and open to an effective partnership.

Morocco and Italy, which co-exist in the western Mediterranean, have gradually forged a tradition and history they hope to protect from upheavals that can only be harmful to both parties, Filali said.

The minister noted that the agreement signed today is also positive in that it fittingly confirms the decisive role played by the private sector in this bilateral cooperation.

However, Filali warned that this revitalization and evolution of bilateral cooperation will be meaningless and can only take shape if the two countries develop continuing political coordination on all matters relating to the regional environment. Without such coordination, mutual understanding, and joint reflection on the political future of the region that comprises the two countries' immediate environment, there can be no lasting cooperation, the minister concluded.

After first welcoming the agreement's signing and recalling the boost to Moroccan-Italian cooperation provided by King Hassan II's recent visit to Italy, De Michelis said a kind of "transition" is taking place on the international level, marked by important changes pointing to new forms of cooperation and solidarity.

The Italian minister also emphasized the noteworthy improvement in cooperation between Morocco and Italy, bilaterally, within the framework of cooperation between countries in the western Mediterranean, and between EEC countries and the UMA [Arab Maghreb Union]. De Michelis said the protocol signed by the two countries today is a perfect expression of their will to achieve a qualitative leap in such cooperation, particularly by expanding the field, giving a larger role to both countries' private sectors, which are encouraged to achieve greater integration, and stepping up common



coordination in a spirit of international solidarity geared toward the search for regional peace, security, and stability.

Morocco was represented at the the Moroccan-Italian protocol signing ceremony by Sebti Zine El Abidine, Moroccan ambassador to Rome, and Filali's closest aides. Italy was represented by Claudio Lenuci, secretary of state for foreign affairs; Giuseppe Panochia, Italian ambassador to Rome; and De Michelis' close aides.

#### **Signing of a Major Protocol**

The agreement signed by the two countries today tends to give economic cooperation a privileged dimension aimed at more extensive complementary action and at economic and commercial integration.

The same agreement emphasizes the need for continuing political coordination.

In terms of economic, technical, and cultural cooperation, emphasis is placed on quality and wide-ranging projects that will create jobs and fit in with Morocco's economic and social development priorities.

On a more practical level, the agreement covers the twinning of the Mohammed V and Leonardo da Vinci (Rome) airports, finalization of an agreement on international land transport, cooperation between the two countries' financial and banking organizations, an agreement on animal health (whose signing is imminent), and financing for the construction in Italy of four commercial ships costing a total of \$100-\$110 million.

The agreement, which also stresses scientific, cultural, and technical cooperation, includes a gift to Morocco of 80 billion lire (about 58 billion centimes) for technical cooperation. The social aspect of the agreement deals with living and working conditions and social security for Italian and Moroccan nationals.

Financially speaking, the protocol provides for the financing of projects out of aid credits worth 250 billion lire (about 180 billion centimes). Projects in line for such credits include in particular those relating to the Rabat-Larache highway, the second installment of the M'Jaara Dam, the Tetouan gas turbine power plant, and the Larache integrated fish farm.

Some 30 billion lire (about 22 billion centimes) will be earmarked for joint venture projects, and 60 billion lire (some 43 billion centimes) will be devoted to a program to import Italian equipment. (MAP)

#### **Meeting With Italian Defense Minister Reported**

92AF0372B Rabat ALMAGHRIB in French  
29 Jan 92 p 3

[Text] Prince Sidi Mohammed, coordinator of the Royal Armed Forces (FAR) services and offices, met with

Italian Minister of Defense Virginio Rognoni and his official delegation Monday afternoon at the Royal Palace in Marrakech.

The meeting was also attended by General Mohamed Achahbar, secretary general of the National Defense Administration; General Hosni Benslimane, commanding officer of the Royal Gendarmerie; Colonel Major Alaoui Mrani, Royal Air Force Inspector; Colonel Major Arroub, head of the FAR General Staff's 3d Bureau; and Zine El-Abidine Sebti, ambassador to Italy.

The meetings that Italian National Defense Minister Virginio Rognoni held in Marrakech with Moroccan authorities and officials pointed up Morocco and Italy's common commitment and determination to make the western Mediterranean a region of stability, peace, and development, according to Guisepppe Panochia, Italian ambassador to Rabat.

In a statement to MAP on the occasion of the Italian National Defense minister's visit to Morocco, Panochia noted that bilateral cooperation between the two countries after the considerable boost it received from King Hassan II's visit to Italy in November now has new prospects opening before it. This point was driven home by Italian Foreign Affairs Minister Gianni de Michelis' visit and one now being paid to Morocco by the Italian defense minister, who met with King Hassan II at the Royal Palace in Marrakech today.

In terms of defense, Panochia said that contacts and meetings are expected to increase between the two countries in order to expand existing cooperation and elevate it to the exemplary level it deserves, in accordance with the treaty of friendship signed by the two countries in Rome in November.

The Italian diplomat also noted that De Michelis and Rognoni's visits to Morocco illustrate perfectly their countries' common determination to take a major qualitative leap toward cooperation between the two countries, which also share identical views on many international problems and have common interests in the region. This fact predisposes the two countries to play a major role, he concluded, and thus make a decisive contribution to the settlement of all problems facing the region of the western Mediterranean.

#### **Efforts To Increase Trade With Hungary Reported**

92AF0372D Rabat ALMAGHRIB in French  
30 Jan 92 p 3

[Text] Dr. Bela Kadar, Hungarian minister of international economic relations, met with Abderrahmane El Kouhen, Moroccan ambassador to Budapest, on Monday.

The meeting, also attended by the deputy secretary of state and the foreign trade director, covered Moroccan-Hungarian trade and the means of expanding and developing them. Given the complementary nature of relations between the two countries, Morocco could export canned fish and vegetables, clothing, shoes, and leather goods, while Hungary would participate in infrastructure projects, agricultural development, sanitation, and hydraulics.

Emphasis was placed on the need to encourage private businessmen to get to know one another better and provide information on what they have to offer.

#### **Referendum: Argument for New Voting Lists**

92AF0372A Rabat L'OPINION in French 30 Jan 92 p 1

[Editorial by Mohamed Idrissi Kaitouni: "Why New Election Lists?"]

[Text] This year, Morocco will choose new local, provincial, and national assemblies in communal, professional, and legislative elections. In addition to major reforms to be introduced into the constitution itself and different election laws in order to guarantee the freedom and honesty of these elections, it is important to draw up new election lists because those previously used as a basis for preceding elections must simply be destroyed.

Actually, the lists, drawn up in 1977, have never been brought updated based on scientific criteria and therefore contain errors that violate the rights of voters and falsify the election operation, which is thereby vitiated from the very beginning.

Confusion observed in election lists and voter registration encourages abuse and irregularities and damages the credibility of the democratic process.

Consequently, given the lack of any voter card similar to the national identity card with the same information and ID number, which is the number noted on the registry and based on which election lists are drawn up, the risk of fraud is enormous.

Moreover, the nonuniversal nature of the civil registry and the fact that the names of deceased persons are not automatically stricken from election lists result in "voting by the dead," by proxy, obviously!

In addition, hundreds of thousands of persons who change residences within their own area or move from one region to another do not bother to notify the proper authorities of such a change of address or, if they do, do not make sure their names are stricken from the old list.

Such persons are therefore included on several lists, resulting in the issuance of several voter cards with all the possibilities of misuse it implies.

Moreover, the creation of new wilayas and provinces after the redistricting of old urban areas that once constituted a single administrative unit poses problems

locating voters. If new lists are not drawn up, when election day comes, the latter will have great difficulty obtaining their cards and ascertaining where they are to be picked up and, consequently, where they are to vote.

However, in addition to these reasons, which make it necessary to draw up new election lists, it should be noted that citizens who have reached the legal voting age are not all registered on the voter lists because they have never sought to be included at the time of the annual scrutiny of the lists. Moreover, and this is one of the opposition's fundamental and legitimate claims, the voting age should be reduced to 18, which automatically implies doing away with the old lists and drawing up new ones on sound bases and paying heed to transparency.

Morocco must therefore present an image that does itself credit and defies the challenges of its detractors.

#### **Economic Minister on First Stage of Privatization**

92AF0346B Casablanca LA VIE ECONOMIQUE  
in French 24 Jan 92 pp 3, 4

[Interview with Minister of Economic Affairs and Privatization Moulay Zine Zahidi by Marcel Herzog; place and date not given: "First Privatizations To Begin Before End of March"—first paragraph is LA VIE ECONOMIQUE introduction]

[Text] A decisive and very tangible new stage on the road to economic liberalization will be reached this quarter when the first privatizations get under way. These will involve eight industrial and commercial enterprises, a hotel (the Hotel Malabata in Tangier) and a real estate company. Moulay Zine Zahidi, minister of state to the prime minister in charge of economic affairs and privatizations, agreed to discuss the process and answer our questions.

[LA VIE ECONOMIQUE] Mr. Minister, could you give us a brief history of the privatization policy that's been pursued for close to two years now?

[Zahidi] Law Number 39-89 authorizing the transfer of state-owned enterprises to the private sector was promulgated in April 1990, and the decrees for its implementation were published in the Official Bulletin in October 1990.

The work of preparing the dossiers of privatizable firms was begun as soon as the law was promulgated, and discussions with the tutelary agencies and industrial policy organs were held at the same time.

Unfortunately, all this coincided with the Gulf crisis, which had the psychological and economic effects well-known to everyone, perturbing the financial markets and causing investors everywhere in the world to postpone their investment decisions.

We took advantage of that period to oversee preparation of the framework within which the privatization process

would unfold, conduct sectoral studies, and hold exploratory talks with the heads of the enterprises.

With His Majesty the King's appointment of the members of the Appraisal Body (last July) and the Transfers Commission (last September), the privatization machinery was operational.

That machinery consists of three authorities: the minister, assisted in his mission by the five-member inter-ministerial Transfers Commission, and the Appraisal Body, which is headed by Mr. Mohamed Karim Lamrani and composed of seven well-known persons independent of the administration.

The Appraisal Body's mission is basically to oversee the calculation of the asking price for the state holding or hotel that is to be transferred, and to render an opinion as to whether particular prospective buyers should be given priority or preferential treatment in order to meet one or more of the objectives set forth in the law.

So far, we have selected 39 enterprises and hotels to be transferred to the private sector over the medium term, and the process has taken an important step forward in the last few weeks with the beginning of the audit and appraisal process for the first enterprises.

[LA VIE ECONOMIQUE] For how many enterprises, and by what experts?

Eight industrial and commercial enterprises are involved; a hotel and a real estate management company will also be appraised in the weeks to come.

We have chosen the groups of experts, after a process of consultation. They will work according to very specific criteria. Among other things, their mission requires them to audit the accounts of the enterprise in question, analyze accounts and financial flows, refine the data in order to come up with a coherent and accurate picture of the enterprise, and finally—taking into account among other things the enterprise's potential—come up with an estimate of the minimum and maximum net worth of the enterprise that can be used by the Appraisal Body in setting the asking price.

I would point out that the determination of this net worth is the cornerstone of the whole process, and that is why we deem it essential that the standards used be unchallengeable.

[LA VIE ECONOMIQUE] How are the transfers to be carried out?

[Zahidi] The law says the transfers will be carried out in accordance with procedures used on the financial market, that is by the securities market and the banks, or by soliciting bids, for example when it is a question of providing the enterprise (if it doesn't already have one) with a lead shareholder or strategic partner that can manage it, or by a combination of financial market and bidding procedures.

There are also exceptional cases where ownership interests may be directly assigned, if such action meets the three prerequisites stipulated in the law:

- that it extend the benefits of enterprise ownership to new social groups and to avoid monopolies;
- that it strengthen and build up regional economic activity;
- that it safeguard jobs.

If these conditions are met, the transfer may be direct, with the price determined through the evaluation procedure prescribed by the laws.

Also, certain priorities are established, for instance at the regional level. Some enterprises may have a regional character or role that is useful to the inhabitants of the region, both those who live there and those who only work there, because production is closely tied to the regional market, or the company refines raw material produced by the region, or it has importance for economic development. In such a case, it is obviously desirable for the region's inhabitants to get involved, channel their savings into regional investment and participate in the growth and progress of their region.

[LA VIE ECONOMIQUE] Are you thinking of the sugar refineries?

[Zahidi] The sugar refineries are among the companies involved, but they're not the only ones. I am thinking for example of certain regional processing enterprises for which we would ask that priority be given prospective purchasers from the region.

[LA VIE ECONOMIQUE] How will that work?

[Zahidi] We will come out with a limited call for bids that will be open only to reputable individuals or business entities such as regional investment companies.

Moroccan residents overseas who are natives of the region will also benefit from that priority, in accordance with their strong ties to the region and the expertise they have acquired.

To take advantage of the regional priority, prospective purchasers must decide within two months after the limited call for bids. After that, if they have not bought the enterprise, the bidding will be opened to a wider range of buyers. So much for regional priorities.

There are also enterprises that process raw material provided by growers—sugar refineries, cotton ginning companies, seed marketing companies, fruit and vegetable processing companies. Here again, the producers will get the first chance to buy the enterprise, and we will make use of the limited call for bids mechanism.

[LA VIE ECONOMIQUE] But what if they acquire only part of the company?

[Zahidi] It is not anticipated the state will sell all its holdings in every case—only where the state holds a

small percentage of the stock. If the state owns 100 percent, disengagement may be gradual; also, we must not forget the wage earners, who will be encouraged to acquire shares if they so desire, on preferential terms, in some cases up to 10 percent of the stock. There is also the need for a strategic partner that will serve as manager or lead shareholder to ensure stability and growth for the enterprise.

[LA VIE ECONOMIQUE] A hard core of sorts?

[Zahidi] I don't care much for that term. I prefer to speak of a partner that takes his responsibilities to the enterprise seriously and serves as the lead shareholder.

[LA VIE ECONOMIQUE] How much of the stock would that shareholder have to own?

[Zahidi] It depends on the company. Take the case of an enterprise whose stock is widely held: With 5 percent of the stock you can control it. But as a rule, to manage an enterprise you must have a majority of the stock, i.e., at least 50 percent of the shares plus one share. However, there are cases where a minority shareholder enjoys the confidence of the majority and is thus able to run the enterprise.

[LA VIE ECONOMIQUE] You spoke of wage earners. How will this affect them?

[Zahidi] In some companies, when conditions lend themselves to it, a portion of the shares put up for sale may be reserved for employees. We want this. It is important to generate a sort of symbiosis, a synergy between employees and the company where they have worked. Especially since the company's prosperity depends on their work, and insofar as they have a stake in its future, it will be in their interest to support it. This will also encourage them to develop an entrepreneurial spirit.

[LA VIE ECONOMIQUE] Where does the process currently stand?

[Zahidi] As I told you, the audits and appraisals are under way. When they are completed, the transfers will begin.

Elaboration of the institutional mechanisms and the timetables for the transfers took a great deal of painstaking preparatory work with the management of the enterprises concerned and with ministries responsible for the sectors involved.

But as I have often said, privatization is not an end in itself. It is only a point of departure for the renewal and redynamization of the enterprise. We have every right to hope that with new shareholders these enterprises will expand and invest more and that the new shareholders will meet all their needs.

We are also in the process of drawing up the privatization strategy for the hotel sector as a whole: 37 hotels are involved, as well as the Morocco Tourist company.

[LA VIE ECONOMIQUE] In that connection, LA VIE ECONOMIQUE recently published an interview with Mr. Benamour of KTH [expansion not given], who manages ONMT [Moroccan National Tourist Office] hotels. He expressed a desire to acquire these hotels by exercising the right of pre-emption.

[Zahidi] There is no right of pre-emption with respect to the transfer of hotels leased to management companies. The lease and management contracts are clear on this subject. Still, I think the transfer of certain hotels will definitely offer the companies that manage them an opportunity to make an acquisition bid, because in the last analysis they are very knowledgeable about these establishments, having operated them for some years.

[LA VIE ECONOMIQUE] The operators generally say they have made substantial investments.

[Zahidi] Yes, but they made those investments to comply with their contracts, which conferred on them both rights and obligations, including the obligation to keep occupancy levels up—by establishing a renovation fund—and to make lease payments. That being so, if tomorrow the hotels are put up for sale—and this will happen—they may acquire them, but they will not necessarily have priority status, since priorities are determined by very specific language in the law.

[LA VIE ECONOMIQUE] The president of KTH also says that a chain is an entity in its own right and should not be dismantled.

[Zahidi] This is true, especially when we know that several companies were formed on a commercial basis to manage these hotels and even invested money on their own account to complete the chains they created. All the same, when the state puts up 37 hotels plus Morocco Tourist, which owns four hotel complexes, purchasers are free to select from the "menu" those hotels that interest them and then build their own chain.

There's nothing to prevent KTH from selecting the hotels that fit their own growth strategy, acquire them, and complete their chain.

But the right of pre-emption you mentioned is a statutory clause that is not applicable to the case at hand. Besides, other private companies have some hotels being leased or managed. We will take their constraints into account, and we hope those chains that show real interest in tourism in our country will expand.

We also hope privatization of the hotels will lead to a burst of new initiatives and to the emergence of new operators—managers, professionals, institutionals—which should have a positive impact on the growth of the hotel infrastructure, enabling the tourism sector to take great strides forward.

[LA VIE ECONOMIQUE] What will become of the directorates of the privatized enterprises?

[Zahidi] If our enterprises are turning a profit, it's because their directors have managed them well; it's hard for me to see how the purchaser of a profitable company can afford to do without a management team that has demonstrated its talent.

Especially since it is expensive to create a management team for an enterprise: If one is fortunate enough to have an effective, seasoned team, it would be stupid to let it go. Because I have noticed in the majority of companies up for privatization that the management teams are notable for their exceptional competence.

[LA VIE ECONOMIQUE] Are all the businesses that are currently in line for privatization turning a profit?

[LA VIE ECONOMIQUE] Some are, both newer ones and more mature enterprises; others only have the potential for profit, since a business can't produce dividends the first two or three years. Some enterprises were short of resources, for you mustn't think the state gives them everything they demand. The state has other, more urgent priorities—a hospital, a school, for example—and this is no reproach. It just means the state is not an ideal shareholder, since its priorities are not the same as those of an industrialist.

[LA VIE ECONOMIQUE] And what about the money-losing enterprises?

[Zahidi] Not many of these are involved. At least not right away, because we have decided to emphasize the profitable concerns.

[LA VIE ECONOMIQUE] I am thinking of ventures that have had certain start-up problems: SONASID [National Steel Company] and SNEP [expansion not given], for example....

[Zahidi] Well, today those two enterprises are turning a profit and generating significant cash-flow. And look at CIOR [Eastern Cement Works], one of the biggest cement works in the country. It has now paid back all its debts.

More than that, it has built a plant at Fes that on completion in the near future will have a production capacity of 450,000 tons per year. That will give the company a total production capacity of nearly 1.5 million tons. So it is becoming the biggest cement producer. It is a very large business, and I hope we will have the chance to put some of its stock on the Exchange. What's more, it is a very well-managed concern, as even the international experts agree.

[LA VIE ECONOMIQUE] When will you start privatizing the mining sector, where BRPM [Mineral Prospecting and Investment Office] owns part or all of a great many enterprises?

[Zahidi] This sector is still suffering from the recession, and as a result its profitability is very erratic, since mineral products are subject to fluctuations in the world market.

[LA VIE ECONOMIQUE] So purchasers were less enthusiastic.... But perhaps the Exchange could play a role.

[Zahidi] We are not trying to sell everything on the stock exchange. In general, the Exchange is a stabilizing element. If we could sell 70 percent of our stock in the Imiter mine, it would be marvelous. Unfortunately, the Exchange cannot satisfy all our needs. We will only be able to sell a portion of our stock on the Exchange.

[LA VIE ECONOMIQUE] So privatization is not on the immediate horizon for the mining sector.

[Zahidi] We plan first to privatize the petroleum product distribution sector, in the coming months. The National Petroleum Products Company [SNPP] owns 50 percent of the stock in companies like Mobil, Shell, Total, etc.... It is this 50 percent that is to be privatized.

[LA VIE ECONOMIQUE] Will foreign companies be able to buy up all the shares?

[Zahidi] The law says enterprises in the hydrocarbon distribution sector must be at least 50 percent Moroccan-owned. The law is still in force, so in the current circumstances SNPP stock can be transferred only to reputable Moroccan individuals or companies.

[LA VIE ECONOMIQUE] What happens to SNPP then?

[Zahidi] It will have to be reorganized. In fact, we discuss this question all the time with the minister of energy and mines.... But there's no thought of turning the supervisory personnel and workmen out on the street. We are striving to protect the personnel of the enterprises up for privatization from any disturbance of this kind.

[LA VIE ECONOMIQUE] What's going to happen now?

[Zahidi] The appraisals are going to be issued, and then we will be in a position to start the sales. With the help of expert consultants, we are going to launch an advertising campaign to spread the word about our privatization plans.

[LA VIE ECONOMIQUE] Both in Morocco and abroad?

In Morocco of course, but also overseas if outside investors might be interested in a particular enterprise. At that juncture we will decide the limits to foreign ownership on a case by case basis. For example, I don't see foreigners being interested in enterprises at the regional level; their interests will lie with larger enterprises, those in the distribution sector, the cement industry, agro-industry and of course tourism, which creates a link between the sending country and Morocco.

[LA VIE ECONOMIQUE] Are you in a position to set a date?

[Zahidi] Everything depends on the size of the enterprises to be privatized. It requires more painstaking study and time to determine the value of a large concern than a small one.

We will get the first appraisals in the coming weeks. For the other enterprises, the work will take a month and a half longer. Thus we should be able to launch the first privatization by the end of the current quarter.

[LA VIE ECONOMIQUE] The privatizations will generate quite large movements of capital into the country. Some purchasers will probably resort to borrowing. But credit is hard to obtain just now.

[Zahidi] Indeed. This is why we are conducting studies with Treasury, to avoid overloading the financial market. You can't launch a privatization at the same time Treasury is floating a loan. You must not have the privatizations and Treasury competing for the same money.

[LA VIE ECONOMIQUE] Are institutional investors interested?

[Zahidi] They are. All around the world they are the driving force behind stock market activity. On our own stock exchange, there is not enough paper. With the privatizations, we hope to increase the volume significantly. Currently, when an institutional sells securities, it can't find replacements for them. The privatizations will provide this paper, and this should lead to an upgrade of the Exchange.

[LA VIE ECONOMIQUE] And the National Investments Company?

[Zahidi] It is privatizable. Indeed, it has already been largely privatized by the Exchange. The private sector owns part of its stock; the rest is held by Treasury, the Bank Al Maghrib, the Deposit and Financial Management Fund and other institutional investors and can be transferred easily.

[LA VIE ECONOMIQUE] But isn't there a risk this influx of paper will overwhelm the absorptive capacity of the stock exchange and depress the market?

[Zahidi] We will avoid that. We don't want to see people unload some shares just to buy others. We know the capacity of the Casablanca Exchange. We will take it into account. That's why we will coordinate closely with Treasury to avoid saturating the market. We also noted that activity on the stock exchange was constantly growing, and there was a lot of interest in industrial issues. But the market is too small. There are only 70 stocks on the market. That's not enough. If we can introduce 20 or 30 more stocks over the next five years, it will be an excellent thing.

Consideration is even being given to launching a campaign to explain to small savers the role and profit potential of the Exchange. Stock shares have attractive features. They are based on tangible assets, they distribute dividends, and when they are resold they're generally worth more than before. In short, stock shares are an excellent investment. That's what we want to convey to savers. So you'll see that privatization will have many beneficial effects on the economy. The state, freed of these burdens, will be in a position to take action in sectors within its own sphere of competence. Certainly, at one time it was necessary to set an example, but today it is no longer the role of the state to set up a yeast manufacturing plant or a spinning mill. Moroccan businessmen are sufficiently dynamic and enterprising to take care of such things. The state today must attend to its real responsibilities. That is the whole philosophy behind privatization.

#### Figures on 1991 Port Traffic Reported

92AF0343B Casablanca LA VIE ECONOMIQUE  
in French 24 Jan 92 p 14

[Text] The amount of cargo passing through Moroccan ports fell by 5 percent in 1991 to 35,903,450 metric tons as compared with 37,800,600 last year. The decline is attributed primarily to the general decrease in exports from 20,193,600 metric tons in 1990 to 18,046,085 in 1991.

Imports, by contrast, posted a slight increase of 1.4 percent, although marked increases or decreases were noted in certain products. Grain imports, in particular, declined sharply by 23.2 percent between 1990 and 1991; imports of hydrocarbons fell by 2.4 percent. But these declines were overridden by the upward trend in other imported products.

Overall cargo volume is largely influenced by the volume of phosphate exports. But, while exports of phosphate ore fell in 1991, their decline was offset by the large increase in exports of citrus fruit and other produce (+44.3 percent) and in phosphoric acid (+23.2 percent).

In terms of value, lower earnings from phosphate ore exports were more than offset by exports of processed phosphate products. In terms of volume, however, the slump in phosphate shipments dampened activity at certain ports. Lower volumes of cargo were noted at the ports of Jorf Lasfar (-15.6 percent), the Saharan ports (-25 percent) and the port of Casablanca (-6.8 percent).

By contrast, increased activity was reported by the port of Safi, which ships large quantities of phosphoric acid; by the port of Agadir, through which citrus fruit and other produce are exported; and the port of Nador that handles general merchandise.

| Trends in Cargo Tonnages            |           |                |
|-------------------------------------|-----------|----------------|
| Cargo                               | Tonnage   | Percent Change |
| Grains                              | 2,015,050 | +23.2**        |
| Citrus, produce                     | 993,473   | +44.3          |
| Containers                          | 1,610,952 | +9.9           |
| TIR*                                | 1,004,527 | +14.9          |
| Roll-on/Roll-off                    | 1,390,713 | +9.8           |
| Phosphoric Acid                     | 2,471,987 | +23.2          |
| Coal                                | 1,284,019 | +6             |
| Sulphur                             | 2,249,653 | -20.8          |
| Phosphates                          | 8,875,357 | -23.7          |
| Hydrocarbons                        | 7,760,284 | -2.4           |
| * [International Highway Transport] |           |                |
| ** [Figures as published]           |           |                |

### Inequities in Civil Servant Pensions Noted

92AF0343E Rabat L'OPINION in French  
22 Jan 92 pp 1, 4

[Text] If 1991 was the year of human rights in Morocco as proclaimed by the minister of the interior in a speech to the House of Representatives, a number of questions must be asked:

- Where do the rights of retired persons stand in the context of human rights?
- Haven't the 120,000 retired persons lost more than 2 billion dirhams each year in income—about 1,475 dirhams a month for each pensioner?
- If so, isn't there an obligation to do justice by this segment of the population within the context of human rights and in keeping with the responsibilities of the Advisory Council on Human Rights?
- Does the concept of human rights mean that some laws are revised but others not?
- Does abuse of authority occur only in certain areas but not in others, affecting the rights of one class of citizens but not those of others?
- Are human rights defined solely in political terms? Are they not also economic and social?

These are compelling questions that demand an answer.

In reality, if 1991 was the year of human rights, 1990 was the year in which the rights of the retired were scorned in an incomparable and singular manner.

A look at the 1990 law modifying the pension system makes that plain. It took some 20 years, a very long wait indeed, for a new system to be put into place. But the system was reformed in a way that runs counter to the rights of the retired in that it legalizes injustice and abuse of authority and establishes unequal treatment of the retired. In fact, the new system divides retirees into two categories: those who entered retirement before 1990 and subsequent retirees. The difference between their pensions can amount to 100 percent or even more.

In effect, two civil servants of the same rank, with the same number of years of service in the same branch of government and the same monthly salary are treated differently, depending upon the date of their retirement.

If one of them retired before the end of 1990, even one minute before year's end, his pension will be 3,500 dirhams, for example.

But if the other retired in 1991, albeit just one minute into the new year, he would receive double that amount, or 7,000 dirhams a month.

How can this injustice be explained and why does it exist?

There is no explanation or reason that can be given, except perhaps a lack of rational and logical standards, denial of justice, blatant inequality, a manifest abuse of authority, ingratitude, and no memory of the services rendered to the government by the civil servant during his active years when his strength, capabilities and vitality were at their height.

The Moroccan Constitution speaks clearly of equality and justice for all citizens and calls for the restoration of the rights of citizens who are wronged by the state or other party.

The Constitution also speaks of solidarity among all Moroccans. It cannot be ignored in the event of hardship, natural disaster, and economic or social distress.

In addition, when King Hassan II ordered that an Advisory Council on Human Rights and administrative tribunals be formed, his purpose was to guarantee the rights of the Moroccan citizen and to ensure that injustices and cases of abuse of authority would be corrected regardless of their origin and regardless of the status of the citizen who had been wronged.

Given these solid foundations, the government has a duty to reconsider its outrageous attitude toward the retired.

For that reason, we call upon the Advisory Council on Human Rights to make 1992 the year in which the difficult situation of the retired will be eased by placing the issue on their agenda and submitting their conclusions to the king so that he may restore justice to those who rightfully demand it.

We hope that the Advisory Council will take up our appeal as it would any other matter brought before it, mindful of its full powers and options.

If this appears to be a personal appeal, in reality it reiterates what was decided at the first gathering of the National Federation of Associations of Retired People in Morocco, which met in Ksar Kebir on 26 November 1991 to discuss the theme of "Extending the 1990 Retirement System to All Retired Moroccans."

Following the meeting, letters were sent to the king's government and the legislators to draw their attention to this matter and appeal for an appropriate solution.

We hope that our open appeal to the Advisory Council on Human Rights will be the last and that as a result of it, the problem will be treated with a strong sense of responsibility and with realism and compassion.

### **Security Forces Deny Role in Worker's Death**

92AF0369A London AL-SHARQ AL-AWSAT in Arabic  
25 Jan 92 p 4

[Text] Official Moroccan sources have denied the death of a worker during security forces' deployment against a delegation of workers heading toward the labor bureau in Rabat. A statement issued by the Maghreb Arab Press [MAP] indicated that about 70 workers of the [Bahiya-Baladi] Construction Company headed, last Wednesday afternoon, to the regional directorate of the company to continue the negotiations that were already underway to solve the current problem.

When the workers realized that the company official was not there, they protested in front of the headquarters of the labor inspectorate. Angry exchanges ensued between the workers and union officials over what should be done next.

In the meantime, a 56-year-old worker, Muhammad Naimi, fainted after having difficulty breathing.

The same sources indicated that the man's colleagues displayed no worry at that, saying that their colleague often had asthma attacks. They tried to help by sprinkling him with water before asking members of the conciliation committee in attendance to transport him to the emergency ward of the Ibn-Sinna Hospital in Rabat.

Muhammad Naimi died after arrival at Ibn-Sinna Hospital of a heart attack, despite intensive treatment.

## **SAUDI ARABIA**

### **Women's Education Director Interviewed on Plans**

92AE0200A Jiddah AL-MADINAH in Arabic  
25 Jan 92 p 5

[Interview with 'Abd-al-Malik Bin-Duhaysh, Women's Education General Director, by Khalid al-Matrafi; place and date not given: "Women's Education General Director to AL-MADINAH: Our Objective: Enhance Women's Education, Modernize Educational Curricula; Computer in Education, Single School Uniform Are Under Study; Development of Kindergarten, English Language, Home Economics Programs; Continued Steps To Develop Intermediate Colleges So They Can Offer Baccalaureate Degree; 1.345 Million Female Students in All Stages; Rented Buildings Problem on Way to Solution"]

[Text] Our country's future can be built only with the hands of the country's sons and daughters. Our government has realized that it is urgent to devote attention to

today's daughters and tomorrow's mothers, because providing women with good education and training is the best means to develop our future generations. It was said in the past that a "mother is like a school. If she is prepared well, then a noble nation is developed."

We have conducted this interview with Shaykh 'Abd-al-Malik Bin-Duhaysh, women's education general director and a pioneer who has carried the torch of enlightenment. He has answered numerous questions raised by AL-MADINAH on the march of light which illuminates the life of the other half.

[Matrafi] What point have the government building projects controlled by the [education] directorate reached?

[Bin-Duhaysh] Because rented buildings often fail to meet our needs and to provide the proper atmosphere, despite the eagerness of the Women's Education General Directorate to select the best buildings to be used as schools, the directorate is devoting maximum attention to the issue of constructing government buildings in light of the available resources and allocations. A plan has been drafted to achieve this objective in the future, God willing. This year, allocations have been made to build a number of schools in various parts of the kingdom.

### **Total of 1.345 Million Female Students**

[Matrafi] The latest women's education statistics for last year, 1411 Hijrah [1990], show that the number of female students enrolled in women's education in all stages amounted to 1,344,937 students..

If we backtrack a little and then follow the march of women's education prior to the past 30 years, which constitute the directorate's life, we would find that there was no government education for women and that what had existed then was no more than a small number of private schools in some major cities. With the directorate's creation, women's education began to proliferate on a large scale, with the various stages of women's education spreading to villages, hamlets, and rural areas. The directorate devoted attention to the education level, both qualitatively and quantitatively. The credit for all this goes to God, may He be praised and exalted, and then to the wise leadership which God has granted this country. This leadership has devoted to women's education, as it has devoted to other developmental aspects, its utter attention and support. Despite this immense and rapid quantitative and qualitative expansion in women's education, and even though this education has attained high educational standards, Saudi women have, God be thanked, clung to the Islamic values that urge them to be modest and to veil themselves.

[Matrafi] Of which three accomplishments that you have made for our country's educational sector are you proud?

[Bin-Duhaysh] By virtue of the responsibility entrusted to us in the women's education sector, we undoubtedly feel proud of any act that reflects positively on this sector and on all other areas.



### Attention to Curricula, Proliferation of Women's Education

[Matrafi] What are the broad lines of future women's education?

[Bin-Duhaysh] God willing, the directorate will move to elevate and enhance the level of women's education and to modernize, develop, and rectify the curricula in order to elevate the standard of the educational process in general. The basic requirements of the directorate's future plans are embodied in:

1. Devoting attention to expanding women's education so that it will include cities, villages, and hamlets, and will cover the largest inhabited area possible, so as to give equal educational opportunities to all female citizens.

2. Devoting attention to and caring for the standard of the curricula and of academic programs, plans, and study material to be included in textbooks; to female teachers' training; to methods of instruction; to educational means; to proper school libraries; and to laboratories fitted with the required equipment. This is in addition to improving the educational services in all aspects of the educational process.

3. Devoting attention to the structure of the general and specific goals of education and translating these goals into a tangible reality embodied in developing a citizen with upright thought, behavior, and practices; in ensuring this citizen's true belonging to his God, his faith, and his Islamic nation; and in providing this citizen with the right degree of sound information, beneficial expertise, and skills to enable him to perform his role in life and to enrich the human experience.

### Total of 103 Female Teachers' Institutes

[Matrafi] What are the features of the future development of female teachers' institutes?

[Bin-Duhaysh] The directorate's opening of the female teachers' institutes has emanated from its eagerness to secure the most important elements on which the educational process is founded, namely the female teacher. The study period in these institutes used to be three years after elementary school, but was then changed to three years after intermediate school. These institutes are growing in number and they now total 109 institutes spread over all parts of the kingdom. They enroll nearly 8,000 students and graduate more than 1,000 female teachers annually. The directorate is eager to develop these institutes in every part of the kingdom according to need.

### Female Teachers in Private Schools Are Subject of Study

[Matrafi] Can the salary of Saudi female teachers in private schools be made equal to the salary of Saudi Government female teachers?

[Bin-Duhaysh] Determination of the salaries of Saudi female teachers working in private schools is left up to

the two parties involved, namely the female teacher and the school owner, keeping in mind that a study is being conducted by the directorate and some other concerned agencies to deal with all aspects of the issue of Saudi female teachers in private schools.

[Matrafi] When it was founded, the Women's Education General Directorate relied on private education. What has the directorate done to develop private education?

[Bin-Duhaysh] When opened, private schools are subject to what is observed by similar government schools in terms of curricula, guidance, and evaluation. The directorate supervises these schools and assists them financially and morally, thus providing them with the means to develop and grow. As a consequence, the number of such schools has grown to 586 schools that accommodate 76,765 students. Aid advanced by the directorate to private schools in 1410 Hijrah [1989] amounted to 30,992,503 Saudi riyals.

### Development of Curricula

[Matrafi] Mr. director, is there a plan to modernize the women's education curricula and programs?

[Bin-Duhaysh] The directorate makes ceaseless efforts to follow up on and evaluate the various academic curricula in light of the kingdom's educational policy and needs to ensure accomplishment of the educational policy's various aspirations in a manner that befits the level of studies in each educational stage. The objective is to develop these curricula and to amend whichever of them need to be amended. Within this context, an advanced curriculum has been developed for the kindergarten stage in cooperation with the Arab Gulf Program for Reinforcement of the UN Development Organizations. This curriculum has been tested. An advanced three-year program has also been developed to eradicate illiteracy and to teach adult women. Advanced curricula have also been applied in the subjects of technical education and home economics.

The curricula for the subjects of technical education and home economics for the intermediate stage will, God willing, also be developed at a later time, keeping in mind that the English language textbooks for this stage have already been replaced. Textbooks for the secondary stage and for the female teachers' institutes have also been replaced by other suitable textbooks. Moreover, a new curriculum has been applied for teaching the venerable Koran in public schools. A new program has also been approved for the secondary stage of the Koran memorization schools.

### Intermediate College Awards Baccalaureate

[Matrafi] What is the future of intermediate colleges, and is there a study to transform them into colleges that award the baccalaureate degree?

[Bin-Duhaysh] The Women's Education General Directorate's opening of women's intermediate colleges fell within the directorate's interest in training elementary school female teachers in a sound scientific and educational manner. Last year, 1411 Hijrah [1990], intermediate colleges in Riyadh, Ha'il, and al-Ahsa' were converted into university colleges that award a baccalaureate degree. This year, three other intermediate colleges in al-Bahah, Jizan, and al-Jawf were also converted into four-year colleges. A study is currently underway to develop the other intermediate colleges according to need and to the available resources.

#### Women and Computers

[Matrafi] Will computers be introduced as a subject of instruction in women's education?

[Bin-Duhaysh] The directorate is convinced of the importance of introducing computers into the academic curricula or as an extra-curricular activity in which female students engage to gain skill in using computers in the various branches of education. This issue is being considered by the directorate's concerned authorities.

[Matrafi] Mr. director, is there a plan to convert some education commissions and bureaus into independent departments?

[Bin-Duhaysh] The directorate has persistently reexamined the conditions of the education commissions and bureaus that are spread over all parts of the kingdom to find out first-hand their work volume and the standard of the educational service they offer the female students in their areas, and to determine the degree of the actual urgent need to convert some of these commissions and bureaus into education departments tied directly to the directorate, in addition to their tie with the education administrations in their areas. Such conversion will be intended to facilitate the citizens' affairs and to reduce their need to contact the [central] education departments. Moreover, the directorate is convinced that converting the education commissions and bureaus will be tantamount to raising the standard of the educational service offered to the citizens' daughters in the various parts of the kingdom. But because this conversion will result in big financial and human burdens, the directorate has decided to implement it over set periods of time, taking into account eligibility for priority and the urgent need to transform an education commission or bureau into an education department. Recently, education bureaus in al-Qurayyat, 'Afif, and al-Mudhnib were converted into independent education departments tied directly to the directorate. A study is still in progress on converting some commissions into education departments.

#### Study on Single School Uniform

[Matrafi] Why isn't there a single uniform for female students throughout the kingdom?

[Bin-Duhaysh] A study is underway on unifying the school uniform for female students throughout the kingdom, each school stage separately.

[Matrafi] Will there be a new system for the education departments in each province, meaning: Will each education department be classified according to the number of schools within its jurisdiction?

[Bin-Duhaysh] An organizational study being conducted by the directorate's General Administrative Development Department is in its final stages. This study is concerned with dividing the provincial education departments into three groups—A, B, and C—on the basis of several criteria, including the size of the education department; the number of schools it supervises; the number of classes, female students, and female teachers in these schools; and the number of commissions within the department's jurisdiction. This classification will be coupled with developing a uniform organizational structure for each of the three categories to meet their work needs and to fill the proper positions needed to manage the work. A special regulation will also be drafted for the education commissions in order to enhance the educational service they offer.

[Matrafi] What point has the advanced studies program for women's colleges reached and what is your assessment of this program?

[Bin-Duhaysh] The advanced studies program for women's colleges requires confining the program to colleges which have the resources [for advanced studies]. To date, there are nine colleges implementing this program, namely: The Women's Education College—science sections, the Women's Education College—arts sections, the Arts College, the Social Service College, the Home Economics Education College, and the Technical College, all of which are in Riyadh. Also included are the Women's Education College in Jiddah, the Women's Education College in Makka, the Science College in al-Dammam, and the Arts College in al-Dammam. These colleges have the educational, laboratory, and human resources, including a teaching staff that meets the requirements to supervise M.A. and Ph.D. theses.

There are 636 female students in the M.A. program and 337 students in the Ph.D. program. Moreover, a total of 395 female students with an M.A. degree and 79 with a Ph.D. degree have been graduated to date.

The directorate exerts ceaseless efforts to increase the number of specializations taught in advanced studies and the number of colleges implementing the advanced studies program. Continual coordination is established with the Ministry of Finance to secure the financial resources to enable the directorate's Agency for College Affairs to expand its programs for advanced studies.

**Cooperation Extant**

[Matrafi] To what degree does the directorate cooperate with the Ministry of Education in the area of advanced studies?

[Bin-Duhaysh] Cooperation is extant and continuous between the kingdom's universities and women's colleges, whether in terms of the mutual exchange of benefits in drafting advanced studies plans and curricula, or in connection with teaching the preparatory curriculum for the M.A. and Ph.D. programs.

Moreover, the colleges and universities exchange expertise connected with professors and supervisors overseeing and debating academic theses.

[Matrafi] Are kindergartens confined to the directorate's female personnel only?

[Bin-Duhaysh] The instructions in this regard stipulate that enrollment be confined to the children of working mothers.

**SUDAN****Darfur Governor Discusses Security Situation**

92AF0389B London AL-SHARQ AL-AWSAT in Arabic  
24 Jan 92 p 1

[Article by Wafa' Tamim and Nafisah al-Hajj: "Governor of Sudan's Darfur Region: No Foreign Forces Present in Region; Our Security Plan Has Achieved Great Success"]

[Text] Khartoum—Colonel Dr. al-Tayyib Ibrahim Muhammad Khayr, the governor of Darfur in western Sudan, has denied the presence of any foreign forces in Darfur State, saying that the security plan implemented in the area has achieved great success.

In an interview with AL-SHARQ AL-AWSAT, the colonel said that ever since he assumed his position in Darfur last September, he has focused on drafting a security plan to confront the deteriorating conditions in the state.

He added: "We took on the job amidst weak decision-making and border problems, and proceeded to develop our ideas for gathering weapons from the tribes. We have collected 34 types of weapons that had been used, including, for example, Klashnikovs, RPGs, and other types.

"The plan began with a media appeal and with the voluntary collection of weapons during a grace period that ended on 30 October 1991. Later, programmed collection started on 15 November with campaigns combing the region. This was done with the assistance of the local government. We then issued the citizens an ultimatum to hand over the weapons in their possession and issued a decree to implement all the laws, including

those which go as far as calling for the death sentence in case of failure to adhere to the decree.

"Thus, we managed to gather more than 30,000 pieces of various types of weapons. Consequently, the internal situation stabilized, and this has been reflected in the border situation. We also intensified the dialogue with the Chadians until we ended the tug-of-war phase and reached the phase of warm friendship."

Col. Khayr added: "The Chadians experience the same problems that we experience, such as armed robberies, tribal conflicts, and so forth. This is why we have engaged in a joint border effort and have normalized the conditions even further by establishing trade and economic relations. The last border incident has ended and reported armed robberies have dropped to 5-7 incidents a month. There are other areas where the incidents range from 9-12 incidents a month because of these areas' desert or mountainous terrain.

"But generally, stability has clearly developed in the security situation and the economic aspect has been revived."

In response to a question about the charges that the al-Zaghawah tribe is targeted by the government because its members lead armed robbery gangs, Col. Khayr said: "We cannot allege that a certain tribe leads the armed robbery gangs. All the tribes in Darfur State, including the northern tribes, have participated."

The colonel added: "One of our fundamental objectives in the coming phase is security and development. We have begun making arrangements and we have gathered the citizens of the state of Darfur and whoever has written about Darfur [as published]. There will be a general plan. After 13 years of drought, conflict, and robbery, there has to be a reconstruction phase and attention has to be devoted to development as part of the tribal peace.

"There are numerous agricultural projects, but because of the above-mentioned security conditions, work on these projects has faltered. However, with the relative stability attained by the region, Darfur citizens have to rely on their natural resources, because these resources provide numerous products and because there are forests that can be exploited.

"Moreover, Darfur State is a well-known tourist area in Sudan and it contains resources and minerals that will make it one of Sudan's richest states, both economically and politically."

Col. al-Tayyib Khayr accused the previous administrations of causing the Darfur security conditions to deteriorate. He listed the following as the region's problems:

- The proliferation of modern firearms;
- Weak government decision-making in the past, which belittled the spirit of the law; "Thus, we based our security plan on confronting the armed robbery

activity that had brought the development process to a halt."

- Tribal conflicts that have been around since ancient times and that have been tackled with the conclusion of truce agreements;
- Disbanding the local government without providing an effective alternative, the loss of respect for the law, weak government decision-making, and the failure to observe any laws encouraged continuation, and even development, of armed robbery;
- The border problems, which are embodied in the tribal overlapping between Chad, Libya, Central Africa, and Sudan; The overlapping tribes are embodied in the Bidayyat, Zaghawah, Barqu, Qimir, Masalit, Salamat, [Ta'ayishah], and other tribes. This border overlapping and tribal overlapping have led to the current conflicts, and Darfur has turned into an arena for conflicts and wars. In the late 1970s, Chadian opposition emerged under the leadership of Hissein Habre and it continued until it took power in Chad in 1978. In the early 1980s, a conflict developed between Habre and supporters of Idriss Deby, who launched opposition from Sudanese territories. Thus, Darfur turned into a theater for all the border problems, in addition to the problems generated by the Chad-Libya war, which made it possible for weapons to arrive in Darfur in large quantities.

Concluding, Col. Khayr asserted that he is determined to completely solve the state's problems and to restart the wheel of development and stability.

#### **South African Firm Involved in Oil Exploration**

92AF0389C London AL-HAYAH in Arabic  
31 Jan 92 p 9

[Article by Maria Kilmis: "South Africa Prospects for Oil in Sudan"]

[Text] London—The South Africa Oil Company, Engen, which is a branch of Gencor, a mining and financing establishment, is studying the possibility of engaging in oil prospecting activities in Sudan.

This development coincides with growing speculations that the Sudanese Government is trying to acquire military equipment from South Africa to strengthen its military operations against the secessionists in the south.

Rob Angel, the general director of the South Africa Oil Company, Engen, has told AL-HAYAH that a small team from the company visited Sudan nearly two months ago on an exploratory mission.

Engen, which was founded when Gencor seized control of the assets of Mobil, a U.S. company, in South Africa in May [1989-numbers not legible] has announced that it plans to invest in oil prospecting and oil refining activities in the African coastal countries in general, and in West Africa, in particular.

This company, which owns a share of the North Sea Elba Oil Field Company, has applied for a concession to prospect for offshore oil in Namibia.

Angel added that the visit to Sudan is a part of the company's plan to look for investment opportunities in Africa.

Oil prospecting activities have been suspended for many years because of the ongoing civil war in this Arab country. Oil industry circles have received with some suspicion the latest Sudanese statements about the plan of the Romanian Government Petroleum Company "Rompetrol" to assist in developing the Abu-Jabra oil field, which was discovered by the U.S. Chevron Corporation in 1975.

The wax content in Sudanese crude oil amounts to 25 percent, which means that the pipelines carrying it have to be constantly warm to facilitate its transportation. One engineer has said that if this crude freezes "we will see the biggest candle in the world."

The Romanian company has no experience in this kind of operation. Angel has also said that Engen has no experience whatsoever in this area. Moreover, no Middle East oil-producing country has any experience in implementing such operations, except for Libya. Some of Libya's oil fields in Sirte Province produce crude oil containing a little wax.

Studies conducted by Chevron have shown the presence of more than 450 million barrels of oil reserves containing a high degree of wax in southern Sudan. However, the Sudanese Government in Khartoum and the secessionist movement in the south cite exaggerated figures.

Angel has said that it is premature to speculate on the outcome of the company team's visit to Sudan, and that "any investment made by Engen will be a small one."

Recently, the International Petroleum Corporation (with administrative headquarters in Vancouver, Canada, and operational headquarters in Dubai) acquired a concession to prospect for oil in Red Sea waters off the Sudanese coast in an area outside the war zone. The corporation is seeking other partners to take part in these operations.

Armament experts say that Sudan has contacted South Africa to acquire weapons. Meanwhile, Paul Beaver, publisher of JANE'S DEFENCE WEEKLY, which specializes in defense affairs and published in London, has said that South Africa welcomes this contact because it is in dire need of bolstering its foreign trade.

Beaver has also said that South Africa can easily meet Sudan's needs to carry on with the war in the south, because South Africa possesses a stockpile of varied weapon supplies that have accumulated since the end of the Angolan war.

Beaver has added that South Africa needs oil, is in extreme need of any trade, and is eager to establish bilateral relations with any country that shows interest in such relations.

### Businessmen Discuss Economic Situation

92AF0389A London AL-MAJALLAH in Arabic  
29 Jan 92 pp 58-59

[Interview With Sudanese Businessmen al-Tayyib al-Nuss, Babikar Wad al-Jabal, and Fath-al-Rahman al-Bashir; date and place not given: "Three Wealthy Sudanese Speak to AL-MAJALLAH; al-Tayyib al-Nuss: 'I Haven't Tried To Purchase Sudan Air'; Babikar Wad al-Jabal: 'Taxes Pursue Even Our Charitable Work'; Fath-al-Rahman al-Bashir: 'New Chinese Experiment Introduced Into Africa for First Time'"]

[Text] Any country's businessmen and wealthy people have their resonant names and their reputation, which is no less significant than that of politicians, prominent artists, athletes, and others. Sudan's businessmen also have their glitter, reputation, glories, and stories.

For many years stretching over more than a half a century, the names of Abu-al-'Ala', Jabir Abu-al-'Izz, Shaykh Mustafa al-Amin, Yusuf Abu-'Aqilah, 'Abd-al-Mun'im Muhammad, Ibrahim Talab, Khalil 'Uthman, and other wealthy people and businessmen who represented true national capitalism in their support for numerous projects. These projects made the Sudanese pound, at the time, a great challenge to the U.S. dollar which, until the mid-1970s, was less than half a Sudanese pound. This dollar is now worth more than 80 Sudanese pounds on the black market. These names have now vanished from the Sudanese people's mind. I would be revealing no secret if I said that the present generation knows no more than the names of few of these men through the areas or shops named after them. The arena is now filled with new names who represent a new reality.

If wealthy people and businessmen were the object of appreciation, pride, respect, and trust in the past, then the names emerging in today's business world continue to be confronted with serious and interesting accusations and with numerous characterizations. In the citizens' eyes, these emerging names are the cause of the catastrophic inflation and unavailability of goods. They are also accused of using their money to serve their interests at the expense of the people's welfare and standard of living.

We have visited some businessmen who represent the present-day wealthy, particularly seeking the nouveau riche among them, not to accuse them or to put them on trial, but to learn something about Sudan's nouveau riche, how they think, and what they offer their country and people. If some have tried to avoid us, preferring to remain silent and to work away from the limelight, then there are those who have expressed their willingness to talk.

### Al-Tayyib al-Nuss

One of the best-known wealthy figures who have risen to prominence recently is al-Tayyib al-Nuss, whose name has been tied to numerous rumors about his commercial activity. There is no Sudanese who hasn't heard of the accusation that al-Nuss purchased the well-known Khartoum market to take advantage of its strategic location and to exploit it for his private interests after the market had been demolished and its occupants moved away to scattered areas in the wake of broad popular protests. Moreover, who hasn't heard the tale of the negotiations between al-Nuss and the government to purchase the Sudanese airlines, Sudan Air? Nobody in Sudan can believe that any of the oil that enters Sudan is not connected with al-Tayyib al-Nuss. Rumor is so strong and the Sudanese speak of nothing other than the government subsidy for al-Nuss, for whom the government has thrown open the doors of the Commerce Ministry, because he supports the salvation [revolution] by virtue of his belonging to the National Islamic Front [NIF].

Despite everything, he welcomed an interview. The question was: Who is al-Tayyib al-Nuss? His name is al-Tayyib Ahmad 'Uthman al-Nuss. He said that al-Nuss [meaning one half] was his grandfather's nickname because his grandfather contributed to any charitable effort or project serving the interest of his village inhabitants by paying one-half of the needed sum while the entire village pledged to pay the other half.

He is from al-'Aylafun suburb of Khartoum. This billionaire holds the post of secretary of the Sudanese Exporters Union. His name as a wealthy man did not surface until recent years, despite his activity, which started many years ago through his work in the import-export field.

Al-Tayyib al-Nuss has said: "My experience is a rich experience that incorporates internal and external experiences and activity. My ceaseless work has gained me a great degree of flexibility and patience in solving the problems that arise in my path."

He added: "Recently, businessmen have moved more toward trade than toward investment activity, and they have turned to the import and export areas only, with some turning to industry. But I believe that the ideal investment in Sudan is investment in agricultural development, especially under the canopy of the salvation revolution." Al-Nuss added: "I don't mean reliance on agriculture to sell the production domestically. What I mean is expanding the cultivable area and exporting processed agricultural products. For example, we produce top-quality cotton and oil seeds. We also export unprocessed peanuts and other crops that are processed in Europe. Therefore, attention must be devoted to agricultural inputs and to processing agricultural crops. The future belongs to agriculture and to agro-industry. It is to this that I devote great attention. The field is open now and the state's general policy encourages banks to invest in agriculture. Moreover, 40 percent of the banks' deposits are for agricultural investment."

[AL-MAJALLAH] What about your investment activities?

[Al-Nuss] In the transport field, we are now operating al-Tasyir Transportation Company which is concerned with transporting goods. We also operate passenger buses. I have agricultural firms, tractors, and harvesters. We also work in the field of fertilizers, and we have agricultural projects in the area that are tied to the patriotic feeling.

Previously, no Sudanese president asked businessmen to turn to agricultural investment. The current administration is the exception. Now, we have the dairy, cheese, tomato sauce, and vegetable [cold] storage projects, and a project to develop 250,000 feddans of land. Sudan is the world's richest country by virtue of the fact that it has 22 million feddans, of which only 15 percent is exploited. We also have the biggest underground lake.

[AL-MAJALLAH] What do you need to advance even farther?

[Al-Nuss] I want agricultural and industrial production inputs so that the citizen can interact with the government. With resolve and determination, nothing is impossible. There are accumulated obstacles. Since independence, we have raised the slogan of "We eat what we grow." But now the situation is different.

[AL-MAJALLAH] And how about what the people say regarding the purchase of Sudan Air?

[Al-Nuss] Rumors are rampant. They have said very many interesting things. But what is being said is just rumors. I have not considered purchasing Sudan Air and the government has not considered liquidating the company in this manner. I have heard such talk only from the man in the street.

#### **Babikar Musa "Wad al-Jabal"**

Babikar Hamid Musa, also known as Wad al-Jabal, is a famous rich man. Rather, he is a rich man who arouses the greatest debate. He caused the previous government and the current administration a lot of embarrassment, considering that he has been the subject of constant accusation as a currency trader and as the man in sole control of currency prices in Sudan. But he has announced that he stopped this activity after he had been detained for a time in wake of the national salvation revolution and after a lengthy meeting with Revolution Council Chairman Lieutenant General 'Umar al-Bashir. He has not revealed what took place in that meeting, but today Wad al-Jabal is considered a prominent businessman. He is also a man who has played an effective role in bolstering numerous charitable establishments and activities in Sudan. Wad al-Jabal, who was born in 1949, owns real estate, private firms, and varied businesses. The biggest of these is Babikar Enterprises, a business which carries his name.

[AL-MAJALLAH] How have you accumulated your wealth?

[Wad al-Jabal] I began my life as a roving merchant working between al-Jumu'iyah area, west of Jabal al-Awliya', and Khartoum. I accumulated my wealth gradually, beginning with small enterprises. I increased my capital from time to time and my wealth grew. Any person who wants to become rich has to be industrious and to exert real effort, provided that he is true and sincere with himself and with others, and that he loves his country and his compatriots and works for their welfare. Wealthy people must also use their money to give alms and to assist the needy. They must utilize their money for the benefit of the people and the country.

[AL-MAJALLAH] How have you contributed to serving your country and your compatriots?

[Wad al-Jabal] God be thanked, I have contributed to building schools and provided a lot of aid through the well-known "Good Relations" television program, which is concerned with assisting people and developing the capabilities of the disabled, the needy, and the poor. I have also contributed to the Shari'ah Support Fund and the Student Aid Fund. But one of my biggest projects is the construction of a hospital at my own expense in al-Jumu'iyah, my native district, whose people did not have a hospital. They endured a great deal when they had to come to Khartoum, which is very far from our district, for treatment. This 250-bed hospital has 13 wards and includes all specialties. When I turned the hospital over to the government, I thought that my mission had ended. But the government did not take the steps to appoint the hospital cadres, so I appointed them and began paying their salaries.

[AL-MAJALLAH] Are there problems facing you as businessmen?

[Wad al-Jabal] Our problem is embodied in taxes, which pursue even our charitable work. They [in the government] ask us ceaseless questions about our money. In the end, we receive statements to pay exorbitant taxes.

#### **Fath-al-Rahman al-Sharif**

In Sudan, this name is a well-known name in the area of industrial development. Al-Bashir currently holds the post of chairman of the Sudanese Industries Union and chairman of the Business Owners' Union. The union includes six sectors, namely the Chamber of Commerce, the Sudanese Industries Union, the Transport Union, both parts of the agricultural sector, the Economic Services Union, the Craftsmen's Union, and the Small Industries Union. He is a law school graduate and is married with four children, three daughters and a son.

[AL-MAJALLAH] How did you become a businessman?

[Al-Bashir] I began my life as an administrator in Khartoum Municipality. I then worked in Omdurman Municipality. I went into free enterprise after resigning from

government employment in 1964. From the outset, I moved in the direction of industry. In 1969, I founded a flour mill in the town of Wad Madani in partnership with a number of Lebanese friends. It was the second such mill in Sudan at the time. In 1975, we founded a yarn and textile company in Wad Madani in al-Jazirah, and launched a concerted effort in the yarn and textile industry. I then founded a second textile plant in the city of Port Sudan, called the Red Sea Yarn Company. This was the first yarn-exporting company. In 1989, I founded a fourth yarn and textile company in Wad Madani. This is one of the biggest yarn and textile companies in the Middle East and Africa. The various yarn-spinning sections have been completed and the company now exports nearly 500 tons annually to Turkey, Portugal, and Switzerland. Production in the textile section will begin before the end of 1992. Agreement was reached with China this month to set up a joint ready-made clothing plant in Wad Madani. This is China's first experiment [of the kind] in Africa and the Middle East. We have also entered the drug industry and we have set a plant for the production of medicines in partnership with [Sigiana], a well-known Italian drug company. We have a 5,000-feddan project for the production of fruits and vegetables. There is also the Sharaf Trade Company, which engages in various commercial activities inside and outside the country, such as export and import, agricultural and industrial production, and other activities.

## SYRIA

### Finance Minister on Arab Economic Affairs

92AE0209A London AL-SHARQ AL-AWSAT in Arabic  
28 Jan 92 p 11

[Interview with Syrian Finance Minister Khalid al-Mahayini by AL-SHARQ AL-AWSAT Riyadh Bureau; date and place not given: "Syrian Foreign Minister Khalid al-Mahayini: Soviet Union's Disintegration Has Deprived Us of Major Market; Arab Trade Below Aspirations, Politics Are Cause; We Have Licensed 150 Investment Projects in Syria With Total Investment of 30 Million Pounds; Economic, Social Council Will Continue To Play Fundamental Role in Formulating Common Arab Action; We Hope Damascus Declaration Will Be Nucleus That Polarizes Other Arab Countries"]

[Text] Syrian Finance Minister Khalid al-Mahayini has warned that unless the Arab countries realize their responsibility vis-a-vis the international economic blocs, they will face numerous difficulties and will not be able to confront and challenge these blocs.

In an interview with AL-SHARQ AL-AWSAT, al-Mahayini has called for implementing the Arab Common Market Agreement concluded 20 years ago after improving it in accordance with economic developments, so as to attain a true Arab common market.

Al-Mahayini also expressed the hope that the Damascus Declaration will act as a nucleus polarizing and

attracting the other Arab countries to achieve Arab economic cooperation and integration.

In the interview, Syria's finance minister dealt with the accomplishments made by the Arab Economic and Social Council, asserting that it will continue to have an influential and significant role in Arab joint action. The minister emphasized that it behooves the Arab countries to reexamine and unify—through this council, the Arab Economic Unity Council, and the other organizations—their laws and regulations as much as possible so as to boost their trade and to eliminate the obstacles that have affected it.

Al-Mahayini has also talked about the economic ramifications of the disintegration of what used to be called the Soviet Union on the Arab world, and also talked about the laws recently issued in Syria to promote investment.

Following is the text of the interview:

[AL-SHARQ AL-AWSAT] How do you see Arab joint economic action in the current phase?

[al-Mahayini] The Syrian Arab Republic always seeks to exert every sincere effort to promote joint Arab action. The best proof of this is the Damascus Declaration, which has united the efforts of Syria, Egypt, and the GCC [Gulf Cooperation Council] states, i.e., the declaration signatories, since the Gulf war. This declaration seeks true economic and political cooperation among the Arab countries that have signed it. The economic aspect of this cooperation, which is what concerns us, boosts development and trade in these states, thus realizing the Arab peoples' interest and the regional interest of each of the signatories to the declaration.

For our part in Syria, we always view the Arab nation as a single nation. This cooperation must include all the Arab countries. We are a founding member of the Arab Economic Unity Council and of the Arab Social and Economic Council, and we have bilateral economic agreements with most of the Arab countries. We also have joint committees that work constantly to enhance trade, to strengthen cooperation, to encourage capital movement, and to enhance the easy movement of citizens between Syrian and all of these countries. We look forward to a day when all these Arab countries will be in a state of complete economic cooperation and when there is Arab economic integration.

[AL-SHARQ AL-AWSAT] What has the Arab Social and Economic Council accomplished since it was founded?

[al-Mahayini] Through its periodic meetings, the Economic Council concerns itself with joint Arab action at various levels, especially Arab joint economic action; with boosting inter-Arab trade; enhancing the work of the Arab organizations emanating from the Arab League; promoting all resolutions capable of increasing trade



among the Arab countries; improving the social standard; and accelerating Arab joint economic, financial, and social action.

Therefore, I can say that this council has had, and will continue to have, an influential and significant role in joint Arab action, even though this council's efforts have experienced some unfavorable circumstances.

There have been certain stances, and it can be said that these stances have not amounted to a stumbling block in the path of the council's action and march, because of the Arab countries' belief in the importance of the council. The council has adopted resolutions that have boosted Arab trade exchange and strengthened the Economic Unity Council resolutions and Arab joint economic cooperation. This is why I think that this council has an important role to play through the resolutions that it issues, and which some people may view as merely resolutions that are not implemented. But the fact is that they are influential resolutions that boost joint Arab action and contribute, at least, to the meeting of the brother ministers who are members of this council and of its ministerial sub-councils. These sub-councils examine how to deal with and solve the issues that concern joint Arab action at the various levels.

[AL-SHARQ AL-AWSAT] How do you see Arab adherence to the resolutions issued by this council?

[al-Mahayini] I believe that the circumstances surrounding any action generally influence the degree of the member states' adherence to these resolutions. In principle, the council resolutions are binding to all, as long as every Arab country has agreed to them, and as long as every Arab country has participated in the council membership and in making its resolutions.

In some cases, there may have been circumstances that compelled some countries to adopt certain positions. But we cannot say that such exceptions in a few cases mean lack of adherence to the council resolutions, which are made by the participating members of their own volition and for the interest of all.

Therefore, I believe that adherence exists. Even if there are anomalies, we cannot say that there is no adherence to implementing the resolutions issued by the council.

[AL-SHARQ AL-AWSAT] Do you think that bilateral cooperation and the creation of Arab joint committees is the ideal method for economic cooperation in this phase?

[al-Mahayini] I stress again that we in Syria always have a pan-Arab aspiration and that we work with all the Arab countries through the Arab League Council and the organizations emanating from it. But this doesn't preclude bilateral action. There are joint Arab agreements and Syria, like all the other Arab countries, has bilateral agreements with a number of Arab states.

Bilateral agreements between Syria and some Arab countries have achieved tangible success in increasing the

volume of trade, boosting Syria's development process, enhancing its growth rates, and facilitating the movement of capital and of citizens between Syria and the countries that have bilateral agreements and joint committees with it. These bilateral agreements include those concluded with the Kingdom of Saudi Arabia, Egypt, Jordan, Tunisia, and other Arab countries. These agreements have achieved what I believe to be a relatively positive success.

I cannot be positive that the bilateral approach is the most beneficial in this current phase. All I can say is that joint action, especially for the Arab world, is the most beneficial, in principle, for achieving Arab integration. But we find, in some cases, that there have to be bilateral agreements, which are also beneficial and successful, and which have proven to be efficient in this phase.

[AL-SHARQ AL-AWSAT] How do you view the inter-Arab trade volume and do you think that it is acceptable that this trade does not exceed 10 percent of the total volume of Arab foreign trade?

[al-Mahayini] We had great hopes that the trade volume among the Arab countries would be better than this, that the Arab countries would achieve the desired economic integration with each other, and that there would be priorities in the trade exchange transactions among these countries. We still have our aspirations and our hopes. But to date, the desired aspirations have not been realized. I hope that the future situation will be better than the general situation [now].

In spite of all that I have noted, no absolute judgment can be made on this issue. Among the Arab countries, the [trade exchange] process is a relative process that is subject to the trade relations that have tied these countries historically, or to the conditions under which each country lives and the methods with which it controls its trade process. For example, there are distinguished historical trade relations between Syria, Egypt, Saudi Arabia, Lebanon, and Jordan. These relations cannot be disregarded, and they always push in the direction of increased trade. It is the duty of the governments, in this case, to provide all the facilities and aid to bolster these relations and to eliminate the obstacles that impede an increased trade exchange.

[AL-SHARQ AL-AWSAT] What are the most significant obstacles impeding trade among the Arab countries?

[al-Mahayini] If we wish to analyze all the obstacles, we find that they consist of two types: The first is connected with the nature of the laws and regulations applied in all the Arab countries. We also have the customs tariff, which varies from country to country. This affects the cost of a commodity designated for export. There is also the problem of the production cost of such a commodity.

It should also be understood that politics cannot be separated from economics. There are political conditions that sometimes impede trade between Arab countries. Such conditions shouldn't exist. We also have the



shipping problem—which is a fundamental problem—plus the obstacles connected with customs treatment at the borders. When certain facilities are available, such facilities are capable of increasing the trade volume. The same goes for the size of the tax exemptions that each country can grant in accordance with its economic interest.

I believe that it has now become convenient for the Arab countries to reconsider—through the Arab Economic Council, the Arab Economic Unity Council, other organizations, and even through bilateral agreements—these laws and regulations, and to unify them as much as possible. The Arab countries should take advantage of past experiences to improve the tax tariff; to enhance the means of transportation; to establish specialized marketing firms so that they can study market needs, the consumers' tastes, and the available resources; and to establish joint industries and projects, seeking for each of these projects the lowest cost, the best relative advantage, and the economic climate that is most conducive to boosting the trade exchange transactions and to dealing with and eliminating the obstacles that have greatly undermined the Arab homeland's trade volume.

[AL-SHARQ AL-AWSAT] Your words about the customs tariff lead us to ask about the Arab common market. Is this plan still a dream?

[al-Mahayini] I will make note here of the Arab common market, which was founded in the early 1970s through the agreement concluded within the framework of the Arab Economic Unity Council. Since then, we have wished that this agreement—which contained specific benefits, principles, exemptions, and organizational and legislative regulations to boost trade among the Arab countries—could have moved in the right direction so that we would now have—keeping in mind that we are in 1992—this common market and that it would be a big market similar to the EEC. But since that time, this dream has, regrettably, continued to be no more than a dream in many aspects, with the exception of some bilateral agreements and some partial and limited transactions between this and that country, depending on the dictates of certain circumstances at certain times.

Yet, we still have aspirations for the Arab citizen and Arab nation, and we are still optimistic regarding their future and achieving Arab integration. We should take advantage of the comprehensive viewpoint, and we believe that the Arab interest is in moving toward economic blocs. This is the tendency in all parts of the world.

We urge that concluded Arab agreements be implemented after they are improved in accordance with the economic developments, so that an Arab common market can be created and so that this market can provide the Arab citizen with high-quality goods and services at convenient prices.

[AL-SHARQ AL-AWSAT] In the absence of Arab economic integration and an Arab common market, how

will the Arab world deal with the international economic blocs, led by a united Europe?

[al-Mahayini] Every effort is now being made to make up for time lost over many years. I believe that the Damascus Declaration, which was signed more than a year ago, can bolster cooperation among eight Arab countries, at least. We hope that this cooperation will act as a nucleus, polarizing and attracting the other Arab countries to achieve Arab economic integration and cooperation, meaning joint Arab action.

I believe that unless the Arab governments and everybody realize this growing responsibility vis-a-vis the world's new economic blocs, then the Arab countries will have difficulty in facing and challenging these blocs. However, we still aspire—and we are always urged by hope—to achieve our aspirations through cooperation and through understanding with the Arab brothers, whether in the GCC, in Egypt, or in the other Arab countries that have realized the importance of this cooperation to the interest of all Arab peoples. We hope that the efforts will be focused and consolidated and that we will make up for a lot of lost time.

[AL-SHARQ AL-AWSAT] Do you think that the Arab mentality has realized that economy, not politics, is the leading factor now?

[al-Mahayini] Today, there is, in fact, a real awareness that the economy is the fundamental element in managing and achieving people's interests. I believe that the majority of the Arab peoples and governments realize the need for economic cooperation and bloc-forming in order to confront the new economic blocs and challenges facing the Arab nation and others. They also realize that regional action alone is not enough in economic issues and that economy has become the fundamental element and the leader.

[AL-SHARQ AL-AWSAT] What are the most significant economic ramifications of the disintegration of what used to be called the Soviet Union on the Arab world, especially since numerous Arab countries, led by Syria, had major economic and trade relations with the Soviets?

[al-Mahayini] The Soviet Union and many Arab countries, including Syria, had distinguished trade relations and economic, technical, technological, and scientific cooperation. There is no doubt that the disintegration of what used to be called the Soviet Union will affect this relationship and that there will be a need to open new markets and to create cooperation with new countries, including the independent Soviet states, so as to make up for those important relations that linked the Arab countries, including Syria, and what used to be called the Soviet Union.

We in Syria were tied to the Soviet Union by distinguished trade relations and by various forms of cooperation. These relations continue to exist between us and the independent states, led by the Federal Republic of

Russia. We hope that these republics will surmount their difficult circumstances, and that they will continue their various forms of cooperation with the Arab countries in a manner that serves the two sides' interests on sound economic bases.

[AL-SHARQ AL-AWSAT] What about Syria's new laws to promote investment?

[al-Mahayini] Since the Correction Movement led by President Hafiz al-As'ad, Syria has entrenched the principle of economic pluralism; has worked to promote cooperation between the public, private, and joint sector; and has exerted all efforts to serve the national economy's interest and encourage these three sectors to cooperate in achieving growth rates according to the objectives of Syria's five-year economic and social development plans. In the area of fiscal policy, emphasis has been placed on the principle of self-reliance, i.e., on developing the intrinsic domestic resources to meet the requirements of the current and investment public spending, and to realize the growth rates targeted in the plan.

As for the economic laws, it is well-known that laws develop according to society's needs and according to circumstances and developments. In Syria, great emphasis has been put on motivating all sectors to increase investments and to attract savings to the development process.

I can say that some laws have been issued in Syria recently, of which I will basically note the law to promote investment, which has greatly boosted the role of investment activity in Syria by offering big benefits and exemptions that distinguish this law from the other investment laws in the region's countries.

These benefits and exemptions have encouraged the establishment of numerous investment projects, keeping in mind that the law has been in force only a short time. There are more than 150 projects licensed by the Higher Investment Council in the industrial, agricultural, transportation, and service sectors, with investments of more than 30 million Syrian pounds, all in less than six months. Many more requests to set up more such projects continue to be received by the Higher Investment Council, which is headed by the prime minister.

What distinguishes this law is that it offers advantages to the Syrian citizen and to the Arab and foreign investor without discrimination. It also offers the investor real guarantees that allow him to transfer capital and profits out of the country after a certain period of time. The law also provides the necessary insurance for this capital through the Arab Investment Insurance Organization.

In addition to the benefits that this law offers, there is security and stability in Syria, which can create a true investment climate.

Another important law that has been issued in Syria, and that is likely to promote investment activity, is the law

amending the commercial, non-commercial, and industrial income tax brackets and rates.

The objective of this law is to create real production and investment incentives by alleviating the income tax burden. The law also accords special tax treatment to exports, levying lower tax rates on export goods.

### Successes Reported for Economic Reform Policy

92AE0188D London AL-SHARQ AL-AWSAT in Arabic  
13 Jan 92 p 14

[Article by 'Uqbah 'Ali Salih]

[Text] Paris—Day after day, the dimensions of the Syrian economic policy are becoming clearer and clearer. This policy gains even greater clarity as its positive results begin to show. Indeed, those results might be the basic factor in giving momentum to liberalizing the economy and sending it past the point of no return, on the one hand, and making it move at a faster pace, on the other.

In fact, it can be said that the economic policy launched two years ago has now reached a decisive crossroad and a critical point requiring measures to break with the past restrictions. The measures adopted so far, despite their significance—from the investment law to no longer obliging arrivals into Syria to change \$100 into local currency—fall more within the category of "reform policy" than "alternative policy." Though content may be preferable to form, in general, form is of exceptional importance in the economic world, in view of the fact that it is both the substance and framework of a group of psychological factors that prompt businessmen to make their decisions. Since an economic decision is a decision for the future, the psychological factor plays a double role when the business people are affected by the psychological situation at the moment they make their investments decisions, as well as when, at a later stage, their investments enter the production stage. Also, the important psychological factor is not only that which directly concerns the investors—since they are concerned with the psychological factor affecting the consumers—but the producers' decisions stem from their expectations of the consumers' decisions. Therefore, the general psychological situation is a basic, maybe even the basic, factor in economic activity.

Therefore, the importance of symbols and symbolic measures in the economic policy stem from this. The Syrian leadership did not ignore the symbolic role. It has likewise given the media a distinguished role in its economic policy that did not exist before at this level. This matter could have been of less importance, but the economic laws that accumulated in the past involved a substantial amount of "negative symbols" which essentially were contrary to current Syrian economic expectations and ambitions, which made certain measures appear as "illogical." The decisions announced in Damascus recently reflected this paradoxical situation more than anything else. There is no doubt that abolishing the

obligation that tourists and businessmen exchange \$100 to Syrian pounds at the country's point of entry is an important matter, in view of the ill effect such a measure has on tourism and on businessmen's visits to Syria. Of equal psychological importance is the abolition of the requirement that people entering or leaving Syria should declare the amount of money they are carrying if it does not exceed \$5,000.[as published] Fixing a ceiling, however high, cancels the more important aspect: the psychological factor of this decision. Should a visitor carrying various currencies carry a calculator and a currency rate of exchange schedule so that he knows whether or not he should declare what he is carrying? What should a person carrying travellers' checks or credit cards do?

Among the decisions announced was one exempting those leaving the country from signing a pledge to return, in foreign currency, the value of the Syrian products they are carrying out if they do not exceed 10,000 Syrian pounds (\$200). This exemption includes postal and air packages if they do not exceed half this amount. Despite the smallness of this amount, it impedes the exports of an important sector engaged in the business of tourists' purchases of souvenirs, clothes, sweets, and other goods. In most countries, a tourist, upon departure, declares the goods he is carrying in order to claim part of the taxes and dues imposed on those goods in the market. This is an incentive for tourists to buy such goods.

The Syrian economy has begun entering a stage where it is necessary to match words with deeds and to distinguish between the liberal concept of the policy of encouraging investment, tourism, and private economic activity; and the orthodox "socialist" figure that wants everything to go through the state. The great enlargement of the public sector, increasing interest by Arab and foreign investors to establish businesses in Syria, and the continuing increase in the number of companies whose shares are being traded [on the open market]—all these have become factors in need of "new symbols," especially since the positive results of liberalizing the economy no longer need to prove their effectiveness.

Moreover, the fact that there is an economic and political crisis in the industrial states sends large amounts of Arab capital looking investments. This is an opportunity "that doesn't come every day" as a Syrian investor said. He added that the situation has developed to the point that the old "symbols" should be done away with. Despite the importance of the investment law and the subsequent measures taken, taking measures to give incentives to the economy is not a "grant." It is the natural thing to do. Such laws and measures are found not only in the "developed capitalist countries," but also in the neighboring Arab countries. The competition to attract investors is heightening daily. This makes it necessary for Syria to hasten entering the second stage of its economic reform, namely to simplify the laws. The simplest laws are the most effective.

## NEPAL

### Editorial Condemns Bhutanese Criticism of Koirala

92AS0583B Kathmandu *THE RISING NEPAL*  
in English 26 Jan 92 p 4

[Text] Not many might be aware that Bhutan has only one newspaper—KUENSEL—which is not only owned by the Royal government but is closely screened by ombudsmen from the information wing of the regime. Hence, anything hinting of the slightest whiff of criticism against officials is virtually unknown. Neighbouring countries or their heads of government or state do not come under any critical comment, let alone virulent attacks—unless not objected to by the officials manning the censure. The kingdom is after all no multiparty democracy where the will of the people has the supreme say in the affairs of the state.

Given such a backdrop, it is quite meaningful that a lengthy piece appeared in the "Letters to the Editor" column in a recent issue of KUENSEL, darting vitriolic, and senseless, attacks on our Prime Minister Girja Prasad Koirala. Excerpts of the letter might indicate the nature of the venom contained therein: "The nefarious activities of putsch started by the southern Bhutanese, now encouraged by Mr. G.P. Koirala, the Prime Minister of Nepal, is beyond endurance. The politicking of these people not only disturbed the peace and tranquility of the nation but also inflicted heavy damage in the southern districts. Mr. Koirala, in his interview with BBC, said that he had given political asylum to nine Bhutanese officials who were fighting for democracy and human rights. But on whose behalf were they fighting for democracy? The nine Bhutanese given asylum by Koirala are all fugitives from justice and it would be fatuous to consider them as political leaders. The word democracy is not new to us. Nor do we believe in democracy as a potent system that can bring prosperity and fulfill the aspirations of the nation miraculously. Bhutan will dauntlessly move heaven and earth to resuscitate its Shangrila fame under the leadership of our unflinching and benevolent King."

The excerpts have been reproduced here not to dignify the letter in any way but to draw attention on the possible attitude and views of the Royal regime towards Nepal. Perhaps some vested interest groups are worried that the demands for human rights being guaranteed and political pluralism have been pressed forward with increased vigour, especially in the south of the country whose official figures give that 35 percent of the country's total population are of Nepalese descent while others place the figure at 50 percent.

While Bhutan's—for that matter, any sovereign country's—internal affairs should be respected, the on-going movement for constitutional monarchy, multiparty democracy and guarantee of basic human rights merits the moral support of all freedom-loving societies.

Anyone suggesting that Bhutan is a democracy would be justly inviting ridicule and scorn from every sane mind.

### Germans To Give Massive Economic Assistance

92AS0583C Kathmandu *THE RISING NEPAL*  
in English 30 Jan 92 pp 1, 7

[Text] Kathmandu, Jan 29—Mr Helmut Schaefer, the German Minister of State for Foreign Affairs, began today the first leg of his three nation South Asian trip, with a meeting with Prime Minister Girija Prasad Koirala. He also visited Bhaktapur to hand over a German assisted project and met with Minister of State for Finance Mahesh Acharya at the official dinner.

Mr Schaefer met with Mr Koirala within hours after his arrival from Germany. He said he would discuss development aid to Nepal by Germany, the second largest donor after Japan. "I will also hear about Nepal's foreign policy and exchange opinions (with the Nepalese leaders) about world developments and (the situation) in Asia and Europe," Mr Schaefer said on arrival at the airport after being received by Mr Acharya.

At the dinner hosted by Mr Acharya in the evening, Mr Schaefer, the first highest ranking German official to visit Nepal after the restoration of democracy, assured his country's "continued support and assistance" for the consolidation of democracy in this country.

Mr Acharya, welcoming his guest, recalled "your country's moral support and goodwill to our popular movement for the restoration of democracy, human rights and freedom."

"The far reaching changes now taking place in Europe and other parts of the world and Nepal's own transition to a system of Government, that is committed to uphold political pluralism, basic human rights and rule of law based on the principle of democracy, have provided a useful backdrop for a meaningful discussion towards building a prosperous, equitable and plural society."

Mr Acharya said, "With the popular mandate of the people of Nepal, our government is engaged in restructuring the economy. The German cooperation to Nepal in important areas, which range from agriculture to tourism and from restoration and preservation of cultural heritage to the development of industry and trade, has made a significant contribution to our "development endeavour."

The visiting official, who is number two man in the German Ministry of Foreign Affairs after Hans Dietrich Ganscher, allayed fears in developing countries whether Germany will cut aid to the Third World now that it has to bear the unification related burden.

Mr Schaefer said though geographical location and political urgencies in Europe set priorities for Germany, a continued global outlook of "our policy is vital for our

future. Securing peace today means also to help to overcome poverty and to bridge the gap between North and South."

"A unified Germany will, also in future, make its contribution to the development of the South."

Germany increased its development commitment to Nepal despite the "high unification related burdens" last year, he said.

So far German aid commitment to Nepal totals 800 million Deutsche Marks in financial and technical assistance with the present annual commitment amounting 60 million Deutsche Marks.

Mr Schaefer drove to Bhaktapur and handed over papers related to the reconstruction of Cyasilin Mandap to Mr Govind Raj Joshi, the Minister for Education, Culture and Social Welfare.

German Chancellor Helmut Kohl, during his visit to this country in July 1987, had offered to reconstruct the monument in the temple town of Bhaktapur.

Cyasilin Mandap was destroyed by the earthquake in 1930s. The reconstruction work was carried out by GTZ, the German Agency for Technical Cooperation and the Department of Archaeology.

Mr Acharya and Mr Schaefer will meet at the official talks tomorrow when more substantive part of Nepal-German cooperation is likely to be discussed. Mr Acharya said at the airport before he received Mr Schaefer that Nepal had a number of proposals which will be discussed.

"I eagerly look forward to fruitful talks with your delegation tomorrow in our effort to further consolidate the bond of cordial friendship and understanding between our two countries," Mr Acharya said at the dinner.

Mr Schaefer said on arrival a scheme drawn up in Nepal to clean the Himalayas had interested Germany as there were many people in that country who were familiar with the lofty peaks in Nepal. He hinted at the possibility of his government supporting the environment cleaning programme.

Mr Acharya noted that the German contribution and goodwill to Nepal is not only confined to a government to government level but has also expanded through numerous individuals and non-governmental organizations. "I am confident that the German financial and technical cooperation in our development efforts will become more significant in the years to come."

The German leader said the fight against poverty and its causes will be among the most urgent development tasks in the coming years.

"Environmental protection, training, the promotion of women and family planning will be focal areas."

"For the effectiveness of development assistance, democratization process as well as measures aimed at implementing human rights and strengthening self-help capabilities will be crucial. In this context, Nepal has a very good record indeed."

Mr Schaefer during his stay in Nepal will visit the Everest region before flying into Bhutan on Sunday. Then he proceeds onto Bangladesh. All three countries included in the trip are least developed and members of SAARC [South Asian Association for Regional Cooperation].

### New Rightest Party Said Floundering

92AS0583A Kathmandu *THE MOTHERLAND*  
in English 22 Jan 92 p 3

[Text] Prevailing confusions in the erstwhile pancha camps appear more glaring in the absence of news about the proposed unity bid between the Thapa and Chand Rashtriya Prajatantra Parties which seem enmeshed in wranglings over the distribution of portfolios. Coupled to this is the decision by a section of former pancha stalwarts such as Matrika Koirala and Kirtinidhi Bista to go ahead with the formation of their proposed party. If Thapa and Chand quarrel to place their supporters in the merged party, the hope that it will accommodate non-party stalwarts such as Matrika and Bista in their ranks become far-fetched. What appears certain thus is that former panchas will be wooing former political workers weakening themselves further in the tussle to organise and the end effects of such will hardly be conducive to the need to match cadre strength with the Congress and the left.

Unless there is a consensus in this camp on the need to immediately mobilise workers at the ward level in order to prevent further loss of any semblance of grass roots support, efforts at political organisation will merely mean realignment and new alignment at the top hardly worth the claim of a "third option." Perhaps any effort to organise must first begin at the bottom. Something worth a try would be to call these workers to the centre and have them elect a working committee to lead the organisation. Since none of this is taking place, and what is going on smacks too much of the wranglings of the panchayat period, the "third option" remains still distant.

### Analyst Calls For Balanced Urban-Rural Development

92AS0583E Kathmandu *THE RISING NEPAL*  
in English 24 Jan 92 p 7

[Article by K.D. Mishra: "Planning Policies and Removing Urban Bias"]

[Text] The Economic Development Planning has been implementing in various forms, Physical Planning, Land Use Planning, Urban and Regional Planning, Town Planning and Integrated Approach in Development Planning.

These planning techniques were preoccupied with economic aspects of development which still ignores the scope of the environmentalists, geographers and socio-political system analysis in the country.

The methodological aspects of the Economic Development Planning in the country is simply based on writing plans and less emphasis on implementation. The planning was, and indeed still is, regarded as little more than producing some kind of the document on either a Five Years Plan or annual plan.

These blue prints for the future, often seem totally unrealistic objectives, frequently happens to become an end in itself rather than a means for achieving development.

The plans were/are rarely operationally oriented and less efforts were/are given to considering how they might be implemented.

Indeed, the gap between planning and implementation was, and still is, one of the major short-comings of planning in the country, and it is consequently an issue which has been receiving great attention.

The Economic Development Planning has given less consideration for dynamic urban environments where major policy changes may occur to solve urban problems. The urban way of life which includes housing, employment and migration have seen ever-increasing debate which is highly influenced by the Political Economic Approach.

Under this approach the role of the Government is responsible for strengthening the power of the urban elites in the class structure of the societies on the one hand, and projects based on urban studies are not found to be systematic, concise and well argued recommended policies for the future on the other.

Instead of the existing problems in the urban areas, the planning policies are generally found oriented towards the welfare of the urban elites or urban areas. Most of the facilities—industries, campuses, government offices, international offices and NGOs [nongovernmental organizations] central offices—are located in the urban areas, particularly in the capital where the rural poor have not been able to approach directly, and the urban elites are known to be a media of exploitation of the available resources either at the central level, district level, and even at the village level with the help of the rural elites. It is therefore, widely recognized that the urban bias is the outcome of the planning policies in the country.

Urban bias simply means that growth and development have effectively bypassed rural society. The businessmen, politicians, bureaucrats, trade union leaders, teachers, advocates, foreigners, journalists and even social workers are all drawn to towns or cities because they are attracted by better houses, hospitals, schools, communications, consumer goods, recreation, social services, facilities for work, salaries and career prospects.

The human capital in the shape of rural born doctors, teachers, engineers and administrators are brought up largely at rural expense but when they become adults they serve largely urban needs.

The cities want to receive preferably cheap, surpluses from the rural areas: food grains and savings. The rural better-off sell most of what is going by way of rural investment—price support, inputs and subsidies. This is why inequalities and poverty are prevalent in rural areas. Under this situation, how can the objectives of the Eighth Five Year Plan be fulfilled? It is therefore, necessary that more emphasis is given to the rural areas for the welfare of the rural poor. If the prevalent urban bias policies are not reduced, all the benefits will be trapped by the urban elites with the help of rural elites.

In the planning policies during the plan formulation the rural poor's knowledge is found to be ignored or bypassed by urban-born and urban-biased professionals. The urban-born professionals think that whatever formal education, training, knowledge and skills they have acquired is superior and those uneducated and untrained rural poor are ignorant and unskilled.

The rural school teachers, health workers, agricultural extension staff and other officials too always look upwards and towards the centre for authority and enlightenment.

The International and National Agricultural Research Centre have always ignored or overlooked the traditional crops such as millet, cowpeas, barley, root and tubers, sorghum, chickpeas which were/are grown by rural poor, and known to be a staple and survival food crops for them. These crops do not need more irrigation, fertilizer and labour but provide better return for rural poor. After the introduction of High Yielding Varieties (HYVs), improved agricultural implements with the innovation of agricultural research centres (international and national) have bypassed the traditional varieties and the rural poor have become more vulnerable.

Under the livestock and forestry sectors, the indigenous species/traditional varieties have been disappearing from the farm level. However the rural poor's knowledge on crops, livestock and forest (environment, ecology) should be fully recognised and realised by the urban-born and urban-biased professionals.

It is therefore, advised to the planners that there is an urgent need to give more concentration on these issues if they really want to boost the socioeconomic condition of the rural poor.

The persistent mass rural poverty in the rural areas have seen the results of the resources diverted to urban areas. The rural elites who sell surplus food grains to the towns are in fact in alliance with urban interests.

The urban and rural cities are actually rewarded through policies which subsidize scarce agricultural inputs like fertiliser and irrigation pumps to which only the cities have effective access, but which they use less efficiently than rural small farmers.

The political slogans 70 percent of the total budget will be diverted to the rural areas, etc., would not be so meaningful if urban bias is consistently increasing rather than reducing. [sentence as published]

At present, major efforts should be given to reduce urban bias by promoting economic efficiency, social equity for regional balances (urban and rural).

The planning policies towards urban bias can be well assessed and formulated more effectively and efficiently if the planners and politicians are really well determined and committed for rural development.

But, the real question is how the urban bias could be reduced, and how might planning policies prove more effective towards the rural poor.

Here it is needed to mention some practicable solutions to reduce urban bias and rural poverty from the country. The trickle-down approach Vs urban-to-rural-redistribution, to control population growth, effective land reform policies, labour intensive projects and finally, proper utilisation of resources in the given objectives/areas with honesty and dedication, if not, provisions for punishment and reward should be made and implemented more effectively and honestly without any fraternism, nepotism and political interference.

### **Increasing Number of Child Laborers Regretted**

92AS0583D Kathmandu *THE RISING NEPAL*  
in English 24 Jan 92 p 4

[Text] While the prediction of CWIN (Child Workers In Nepal)—that the number of working children will grow to 5.4 million by the end of the year 2000—should be, due to lack of accurate official statistics relating to the number of child workers in the country, be taken with a grain of salt, what cannot be that easily overlooked is that the projection itself is a telling pointer to the abject state of existence that the majority of the nation's children are at present experiencing and having to bear with. According to some estimates, there are at the

moment more than 4.8 million child workers in the country. This constitutes almost 60 percent of the total children population of the nation. And the nation, predominantly an agricultural one, has more child workers in the rural areas than in the urban centres. But one glaring fact persists: with the nation's economy still wallowing in the doldrums and the agricultural front—which employs the majority of the populace—not showing any sign of increasing its output, on the other, the number of child workers will continue to rise unless and until the situations in the two above sectors take a turn for the better.

That despite the fact that Nepal has already ratified the United Nations Convention on the Rights of the Child the majority of the nation's children are still shouldering man-size responsibilities, leave alone utilising their guaranteed rights, clearly shows that herculean efforts would be needed just to bring about some semblance of improvement in the overall state of children affairs prevailing presently in the country. According to the report, the government is working to bring about a new labour act which is expected to lay down the rules relating to workers, especially employing child workers. While the measure can be termed as commendable, the act would be only effective in the organised sector, thus leaving the children working in the unorganised area wide open to further exploitation and deprivation. What is disconcerting is that the majority of the child workers are naturally in the unorganised sector.

Democracy, among other things, also means the marshalling of the nation's available resources for bringing about the required changes, for the better, in all spheres of human endeavours. And though the nation at present is confronted with many daunting challenges, there are many things that the people can go without with and afford to wait. [sentence as published] But, needless to say, the children, who are supposed to be the future leaders and builders of the nation, and who are in the formative stage of physical and intellectual development, simply cannot wait for the largesse to be bestowed upon them. Hence, while it is imperative that the government be forthcoming with the immediate and long-term programmes for ameliorating their abject conditions, no efforts should be untapped to ensure that the rights of the children are fully protected, thus facilitating them in contributing their share in the development efforts of the nation in the coming years ahead.

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